# PROCEEDINGS

of

# SEMINAR IN PHARMACY ADMINISTRATION

held at

THE OHIO STATE UNIVERSITY

June 19th to 30th, 1950

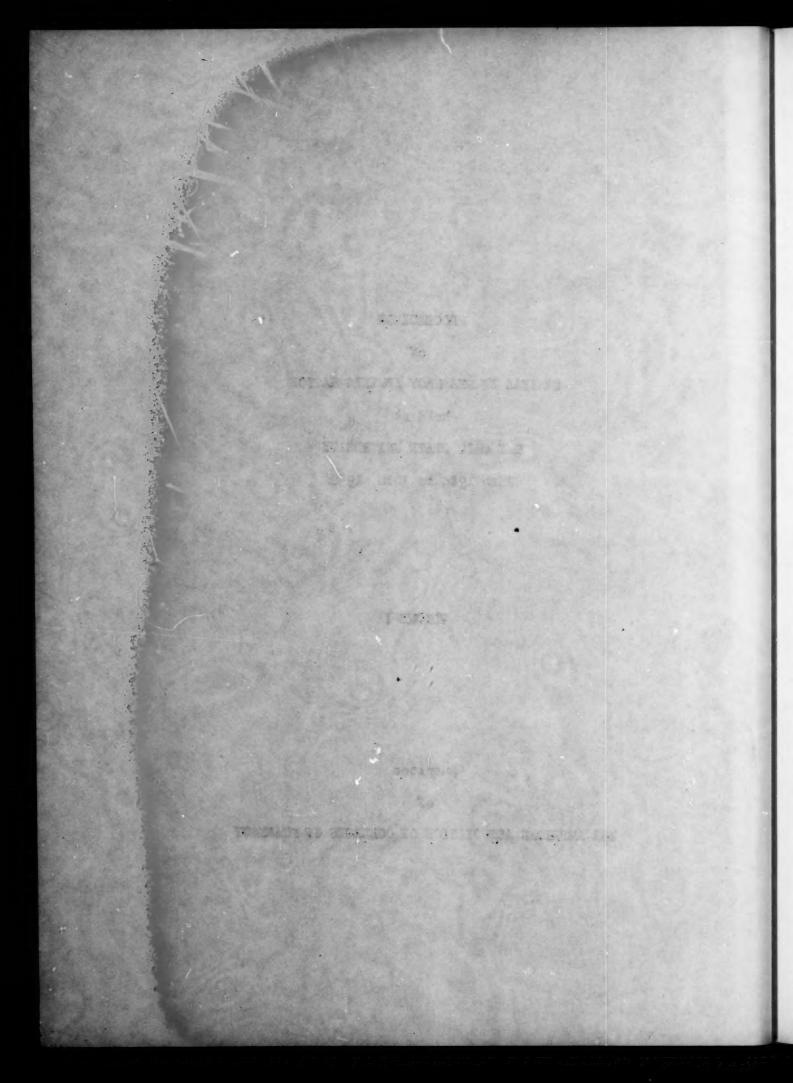
VOLUME I

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Auspices

of

THE AMERICAN ASSOCIATION OF COLLEGES OF PHARMACY



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#### FOREWORD

We are submitting herewith a report of the proceedings of the Seminar in Pharmacy Administration held at The Ohio State University during the period June 19-30, 1950, inclusive. This Seminar was held under the auspices of the American Association of Colleges of Pharmacy and was financed by means of a grant from The American Foundation for Pharmaceutical Education.

It is the opinion of the Committee that the Seminar was successful in accomplishing its purpose. Members of the teaching staff had evidently given considerable thought and had spent considerable time in preparation and selection of the material to be presented as their contributions. As had been requested, mimeographed copies of abstracts of the several presentations were available for distribution to registrants. In our opinion all presentations were of high quality, both in respect to subject matter and delivery.

After careful study it was decided by the Committee to have
the abstracts bound for distribution. Two copies of this report
are being forwarded to every College of Pharmacy in the United States,
one of which should be placed in the College Library and the other
should be placed in the hands of the Head of the Department of
Pharmacy Administration for his use and guidance.

Please note in the back of this volume a list of all registrants. The total number of registrants was sixty-six and thirtyfive Colleges of Pharmacy were represented. We are culmitting herewith a report of the proceedings of the Seminar in Phermacy Administration held at The Ohio State. University during the period June 19-30, 1950, inclusive. This Seminar was held under the suspices of the American Association of Colleges of Phermacy and was financed by means of a grant from The

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Please note in the back of this volume a list of all ragiotructs. The total number of registrants was sixty-six and thirtyfive Colleges of Pharmacy were represented. Foundation for Pharmaceutical Education for its generous financial assistance in making it possible to hold the Seminars. Teachers from our Pharmacy schools are thus greatly stimulated and enabled to vastly improve the content of their courses and their teaching procedures. The value of such a program is vast in its potentials. Many thousands of pharmacy students will benefit thereby and thus, over the years, the profession itself will favorably reflect and justify the Foundation expenditures for Seminar purposes. The Directors of the Foundation are to be complimented upon their broad vision in recognizing the great need for such Seminars and the donors to the fund can be assured that their contributions are serving a constructive purpose.

We also wish to express thanks to all those who kindly participated in the program of the Seminar, and finally, we wish to express our deep appreciation to those in attendance for their regular attendance and respectful attention throughout the period of the program.

Respectfully submitted,

A.A.C.P. Committee on Seminar

Joseph B. Burt
Hugo H. Schaefer
Louis C. Zopf
H. H. Maynard
B. V. Christensen, Chairman

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Dr. E. L. Newcomb

American Foundation for Pharmaceutical Education

# DOES THE PRABHACY STUDENT

Dr. E. Lewconb
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#### DOES THE PHARMACY STUDENT NEED BUSINESS TRAINING?

#### By E. L. Newcomb

The vast majority of pharmacy graduates ultimately become drug store managers or owners. The operation of a drug store includes a substantial amount of buying and selling as well as attending to many other details incident to the conduct of any retail business. It therefore becomes of prime importance that those who are preparing themselves to manage or own and operate retail drug stores should have good sound training in the basic principles relating to the conduct of a retail business. The pharmacy student who expects to devote his life work to teaching or research does not have the urgent need for this business training, except for the conduct of his personal affairs, as does the student who plans to run a retail drug store.

Rapid expansion in the field of distribution has taken place in this country since the turn of the century. Because of this fact there has been a great increase in the demand for well organized college training courses in the various fields of business. Schools of business have been developed by most of our state universities. In addition, there are many excellent individual colleges of business. For the most part these schools represent the younger colleges of our institutions of higher learning. They now offer regular four year undergraduate programs of study leading to a bachelor's degree. Many offer graduate work leading to the master's degree or a doctorate degree. Each year more students apply for admission than they can provide with teaching facilities. Courses offered are of a professional and scientific character.

Our colleges of pharmacy have long recognized the value of business training for their graduates who mostly enter the retail practice of pharmacy. Back in 1900 the Philadelphia College of Pharmacy required all students to take a course of business subjects which was offered. This included single and double entry bookkeeping, buying and selling, business contracts, notes, laws relating to business, etc. The course closed with each student being required to go through with all of the procedures incident to the purchase, operation for a period and then sale of a drug store. It was an intensely practical and valuable course; I know from personal experience. A few other colleges of pharmacy were offering similar courses at that time. These early courses were taught not by experts in the field of business but rather by some professor of pharmacy or chemistry. Unfortunately this still goes on to a large extent.

This is an age of specialization. In the arts, in the professions and in science we have specialists of all kinds. We would, today, no more think of hiring an expert in accounting or economics to teach pharmaceutical chemistry than we would think of choosing a chemist to teach economics and accounting. Experts in the various fields of pharmacy are not qualified to teach business subjects - and experts in business subjects are not properly equipped to teach pharmaceutical subjects. Yet, this is very largely what we have been trying to do. It just does not make sense. It is no doubt true that much of the

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#### By E. L. Mewcomb

The vast managers or expers, The epocation of a drug store includes a store managers or expers, The epocation of a drug store includes a substantial amount of buying and telling as well as attending to many other details incident to the conduct of any retail business. It therefore becomes of prise importance that those she are preparting the manage or own and operate retail drug stores show they good sound training in the basic principles relating to the conduct of a retail business. The pharmacy student who expects to devote its life work to tenching or messarch does not have the uncondevote its life work to tenching, except for the conduct of his particular attains, as does the student who plans to run a retail drug sone.

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criticism of our colleges of pharmacy on training in business subjects has been due to poor teaching.

These facts today are becoming generally recognized and accepted. One needs to be cautious not to overly criticize what has been done in the past. Most believe that our colleges of pharmacy did the best that they could under the circumstances during the last fifty years. Certainly they should be commended for the effort to provide some form of business training. The complexities of modern business operations are far more intricate than ever before. Teaching methods which may have been sufficient in days gone by are now no longer adequate.

The recent Pharmaceutical Survey gave careful attention to this subject. The Survey made a definite recommendation that each accredited college of pharmacy should have a separate department of business administration. This department should include economics, accounting, business law, drug store management, merchandising, etc. A staff of experts duly qualified should teach these subjects. Some of these courses such as economics and accounting may well be given in the freshman or sophomore year; others should be given in the junior or senior year.

The successful pharmacist of the future will need to know how to departmentize his store, how to maintain departmental operating costs, how to determine handling costs for different items and groups of items. He will need to know and apply the basic principles of sound buying, turnover and mark-up. He will need to know more about the proper allocation and utilization of space. All of these subjects and many others call for college instruction of a very high order.

How are cur colleges of pharmacy to provide this kind of instruction? To many of us this is our most difficult problem. The need for a radical change is generally recognized. The fact that some thirty-five of our accredited colleges of pharmacy are represented here at this Seminar is most commendable. It indicates complete awareness of the importance of the problem and a realization that something must be done.

Schools of pharmacy representing a university, also having a school of business, are most fortunate. They may utilize staff experts in their schools of business to teach some of the basic courses such as economics and accounting. Such teachers may also be secured by colleges of pharmacy not having a university connection. On the other hand instructors adequately qualified to teach drug store management and closely related subjects are very few and far between. Still more scarce is the teacher well fitted to serve as head of the proposed Department of Pharmacy Administration.

Fortunately, just at this time, at least two of our graduate schools are now offering work leading to the Ph.D. degree with a joint pharmacy-commerce major. One of these schools is right here at Ohio State University, the other at Wisconsin. In the not too distant future these graduate schools should be turning out manpower qualified to head up the new departments of business administration

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These facts today are becoming generally recognised and normal Data needs to be need to be centions not to evenly driving what has been done in the past. Each believe that our policyon of pharmacy fild the cost, there they could name the circumstances during the lest filty yours. Certainly they should be commanded for the effort to produce the come form at business training. The complexistes of modern business overations are lar more intricues than ever before. For intended which may have been multicient in days gone by one not longer adequate.

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Colocit of plantary, representing a university, else invint a school of business, are now fortunate. They may utilize right expends in black a school of business to teach some of the basin controls such as teached as at accounting. Such teachers may also seemed by call as of phantary not having a university consection of the other hand because of phantary and having the call to teach drug afort asset, and the account as the teach act, and the course of the persons distributed to news as here of the persons distributed to news as here of the persons distributed as the persons distri

Fortunately, first at this time, at least two of our graduate and all of the state of the state

of our pharmacy colleges which are so urgently needed. The American Foundation for Pharmaceutical Education has already underwritten two graduate fellowships covering work with majors in pharmacy-commerce subjects. Others no doubt will be provided in the future.

Until a more adequate supply of qualified teachers is available, every effort should be made to improve the quality and character of teaching by the existing manpower. This can be accomplished through attendance at Seminars such as this. Much also can be learned by following closely the current research being directed by the N.A.R.D. on Retail Drug Store Handling Costs, and the results of other research such as that of Eli Lilly & Company on Retail Drug Store Operating Costs. The work of the Bureau of Education on Fair Trade will also furnish much valuable information for the teaching of efficient drug store operation. Much of the research conducted by the National Wholesale Druggists' Association during recent years relates to retail drug store operation. The books by Heckert and Dickerson on Drug Store Accounting, and by Nolen & Maynard on Drug Store Management are being used as required texts by many of our colleges of pharmacy and serving in a most effective way. There are many other sources of information relating to successful drug store operation which are not being as extensively used by our colleges of pharmacy as desirable.

Each of us will take away from this first Pharmacy Administration Seminar a vast amount of valuable information. If we all make the full use of it that is possible it will go a long way toward improving our teaching of business subjects to pharmacy students. of our phermacy colleges which are so urgently needed. We Americ A Foundation for Phermaceutical Education has already underwitten but graduate fellowings covering work with majors in phermacy-commerce authoric. Others so doubt will be provided in the fluore.

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PROGRAM

SEMINAR IN PHARMACY ADMINISTRATION

June 19-30, 1950

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SPATIALS IN PERSONAL ADMINISTRATION

June 19-30, 1950

## SEMINAR IN PHARMACY ADMINISTRATION

To be held in Social Administration Auditorium, The Ohio State University, Columbus, Ohio, June 19th to 30th inclusive.

Auspices of American Association of Colleges of Pharmacy.

#### PROGRAM

We are giving you herewith the time schedule of classes, the general topics to be discussed, and the name of the faculty member who has consented to lead the discussion. Each faculty member will offer opportunity to ask questions at the close of the period. An intermission of 10 minutes may be allowed between classes if desired.

# Monday, June 19th

9:00 A.M.	Announcements - Committee on		
		Mayor Wherean	

- 9:15 Principles of Economics as Applied to the Practice of Pharmacy Dr. J. H. Goodness, Massachusetts College of Pharmacy
- 10:00 Accounting Problems of the Retail Drug Store Dr. William E. Dickerson, Ohio State University
- 11:00 Management of Retail Pharmacies Dr. Stephen Wilson, University of Pittsburgh
- 12:00 Lunch
  - 1:00 P.M. Educational Principles and Teaching Techniques -Dr. C. B. Mendenhall, Ohio State University
  - 2:00 Same
  - 3:00 Business Organization Mr. William R. Davidson, Ohio State University

# Tuesday, June 20th

- 9:00 A.M. Principles of Economics, continued Goodness
- 10:00 Accounting Problems, continued Dickerson
- 11:00 Management of Retail Pharmacies, continued Wilson
- 12:00 Lunch
- 1:00 P.M. Educational Principles and Teaching Techniques, continued - Mendenhall
- 2:00 Same
- 3:00 Business Organization, continued Davidson

# MOLLY LINE ALTONOMY ALTONOMY

To be hold in Secial Administration Anditorium, The Chic State University, Columbus, Ohio, June 19th to Joth Ladualve,

Auspices of American Association of Colleges of Theresoy.

# PROCEEM

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of Pharmacy - Dr. J. H. Goodness, Massachusette	

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<sup>3100</sup> Designed Organisation, continued - Dayldson

# Wednesday, June 21st

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9:00 A.M.	Pharmaceutical Economics, continued - Goodness
10:00	Accounting Problems, continued - Dickerson
11:00	Management of Retail Pharmacies, continued - Wilson
12:00	Lunch
1100 P.M.	Educational Principles and Teaching Techniques, con- tinued - Mendenhall
2:00	Same
3:00	Business Organization, continued - Davidson
30000	Thursday, June 22nd
9:00 A.M.	Pharmaceutical Economics, continued - Goodness
10:00	Accounting Problems, continued - Dickerson
11:00	Management of Retail Pharmacies, continued - Wilson
12:00	Lunch
1:00 P.M.	The Use of the Model Pharmacy as a Laboratory for Drug Store Merchandising and Sales Promotion - Dr. Seymour B. Jeffries, Brooklyn College of Pharmacy
2:00	Accounting Problems, continued - Dickerson
3:00	Accounting Laboratory - Dr. W. E. Dickerson and Mr. Harry Maerker, both of Ohio State University
2000	Friday, June 23rd
9:00 A.M.	Pharmaceutical Economics, continued - Goodness
10:00	Accounting Problems, continued - Dickerson
11:00	Management of Retail Pharmacies, continued - Wilson
12:00	Lunch
1:00 P.M.	The Use of the Model Pharmacy, continued - Jeffries
2:00	Accounting Problems, continued - Dickerson
3:00	Accounting Laboratory, continued - Dickerson & Maerker
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# Wednesday, June 21.st

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# SECOND WEEK

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# Monday, June 26th

9:00 A.M.	Pharmaceutical Economics, continued - Goodness
10:00	Accounting Problems, continued - Dickerson
11:00	Management of Retail Pharmacies, continued - Wilson
12:00	Lunch
1:00 P.M.	Does the Pharmacy Student Need Business Training? - Dr. E. L. Newcomb, Director, American Foundation for Pharmaceutical Education
2:00	Pharmacy Laws - Federal - Dr. Hugo H. Schaefer, Dean, Brooklyn College of Pharmacy
3:00	Accounting Laboratory, continued - Dickerson & Maerker
1000	Tuesday, June 27th
9:00 A.M.	Pharmaceutical Economics, continued - Goodness
10:00	Marketing Manufactured Products - Dr. H. C. Nolen, McKesson & Robbins, Inc.
11:00	Management of Retail Pharmacies, continued - Wilson
12:00	Lunch .
1:00 P.M.	Drug Store Personnel - Mr. T. G. Crawford, Director of Personnel, Walgreen Drug Stores
2:00	Pharmacy Laws, continued - Schaefer
3:00	Merchandising - Mr. J. O. Peckham, Executive Vice- President, A. C. Nielsen Co.
	Wednesday, June 28th
9:00 A.M.	Pharmaceutical Economics, continued - Goodness
10:00	Marketing Manufactured Products, continued - Nolen
11:00	Management of Retail Pharmacies, continued - Wilson
12:00	Lunch
1:00 P.M.	Drug Store Personnel, continued - Crawford
2:00	Pharmacy Laws, continued - Schaefer
3:00	Accounting Laboratory, continued - Dickerson & Maerker

# EROCHD WEEK

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# Monday, June 20th

Flurrescentical Scenemics, convinued - Goodnege Accounting Frohlems, continued - Dickerson COLUE Mean count of Estell Pharmacles, continued - Wilson Lamoin COISI 1100 F.H. Does the Pharmacy Student Heed Business Training to Dr. E. L. Moveout, Mrector, American Joundailan for Pharmoneutical Moncation Pharmage Lave - Rederal - Dr. Stage H. Schaefer, Dean. 0045 Brooking College of Pharmacy Accounting Laboratary, continued - Makerson & Marker 3000 Fursday, June 27th accounting a second Lection Lection of the second saresting homitactured Products - Dr. H. C. holon, Memoran & Robbins Inc. marine of metal Pharmacker, constant 600 E Desg Blove Personnel + Mr. T. C. Orandord, Director of 1100 P.M. Personnel, Waldreen Drug Stores a named we have 'constant a School or derebundsing - dr. J. O. Feddman, Executive Vice-President, L. C. Meloen Co. Medicanday June 28th

9:00 A.M. Pharmaceutical Economics, continued - Goodques
10:00 Management of Matail Pharmacias, continued - Milean
12:00 P.M. Drug More Personnel, continued - Crawford
20:00 P.M. Drug More Personnel, continued - Crawford
20:00 Pharmacy Laws, continued - Schweier
20:00 Accounting Laboratory, continued - Dickerson & Mass. or

# Thursday, June 29th

4 .	
9:00 A.M.	Pharmaceutical Economics, continued - Goodness
10:00	Marketing Manufactured Products, continued - Nolen
11:00	Management of Retail Pharmacies, continued - Wilson
12:00	Lunch
1:00 P.M.	The Prescription Department - Dr. Ralph Clark, Dean, College of Pharmacy, University of Oklahoma
2:00	Pharmacy Laws, continued - Schaefer
3:00	Accounting Problems, concluded - Dickerson
	Friday, June 30th
9:00 A.M.	Pharmaceutical Economics, concluded - Goodness
10:00	Marketing Manufactured Products, concluded - Nolen
11:00	Management of Retail Pharmacies, concluded - Wilson
12:00	Lunch
1:00 P.M.	The Prescription Department, concluded - Clark
2:00	Pharmacy Laws, concluded - Schaefer
3:00	Reviews of the Seminar - B. V. Christensen, J. H. Goodness, and Stephen B. Wilson

A.A.C.P. Committee on Seminar,

J. B. Burt
L. C. Zopf
H. H. Schaefer
H. H. Maynard
B. V. Christensen, Chairman

June 5, 1950

# Enumeday, June 29th

2:00 A.M. Tharmacoultesl Economics, continued . Goodmens Marketine Manniectured Products, continued - Noice Management of Retail Ibamacies, continged - Wilson 00:31 1:00 F.A. The Prescription Department - Dr. Halph Clark, Dean, 100 F.A. College of France, University of Otlehous Pharmady Lave, continued - Robeston

Accounting Problems, concluded - Dicherson

# Friday, June 30th

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# PHARMACY ADMINISTRATION

RECOMMENDATIONS OF CONSULTATIVE COMMITTEE

This Consultative Committee was appointed by the Director of the Pharmaceutical Survey to cooperate with the Committee on Curriculum in making a special study of the area of "Pharmacy Administration." This report is included in the monograph on The Pharmaceutical Curriculum. Grateful acknowledgement is hereby made for permission to use this statement in the Report of the Seminar in Pharmacy Administration.

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## PHARMACY ADMINISTRATION\*

A very large proportion of the students in colleges of pharmacy prepare themselves to maintain and operate retail pharmacies. It is essential, therefore, that the pharmaceutical curriculum include subjects aimed at developing competency in such activities.

# Definition and Scope

Pharmacy administration, as used in this report, is the study of the acquisition, management, and operation of a retail pharmacy. Broadly conceived, it deals with facts and principles that are appropriately covered under ecomomics, accounting, drug marketing, pharmacy management, and law.

Instruction in the administrative aspects of a retail pharmacy has been given under various titles. Formerly the term commercial pharmacy was used, and one finds it in occasional use today. Later the term pharmaceutical economics was employed in some quarters, and it was adopted in 1929 by the conference of teachers in this field. The term employed in this report — "pharmacy administration" — is adapted from business administration, which is now much used in colleges and universities to comprise an extensive field of study.

Pharmacy administration selects from the great wealth of knowledge of business administration and law those facts and principles that are pertinent to the maintenance and operation of a pharmacy and adapts them to its purposes. Moreover, it develops certain additional facts and principles of its own; that is, facts and principles that are distinctive in the management of a pharmacy. It does all this from the point of view of rendering professional pharmaceutical service for the public.

#### Basic Considerations

To a large extent the modern pharmacy is a merchandising enterprise which operates in a highly competitive field. The pharmacist directs a complex merchandising establishment which carries several thousand items, and represents a sizable investment. His annual sales may average more than \$50,000. He employs personnel for various purposes and has numerous business and financial relationships. The pharmacist's success in operating the establishment depends largely upon his ability to use the same managerial principles and tools that are employed in merchandising generally. To be sure, a pharmacy has distinctly professional aspects which must be conserved, but obviously it is not possible to operate the pharmacy unless the economic and administrative aspects also have attention.

A considerable part of the retail pharmacist's time is spent in the management of his store, rather than in the preparation of prescriptions. True, the vital element of his business, the professional aspect on which the commun-

<sup>\*</sup> This chapter was prepared with the assistance of a consultative committee consisting of: (1) B. Olive Cole, Phar.D., LL.B., professor of economics and pharmaceutical law, University of Maryland; (2) Joseph H. Goodness, Ph.G., B.B.A., LL.M., associate professor of economics and business administration, Massachusetts College of Pharmacy; (3) Harold H. Maynard, Ph.D., professor of marketing and chairman of the Department of Business Organization, Ohio State University; (4) Herman C. Nolen, Ph.D., vice president, McKesson and Robbins, Inc., formerly associate professor of marketing at Ohio State University; (5) Paul C. Olsen, Ph.D., lecturer on accounting and marketing, Rutgers University and Philadelphia College of Pharmacy and Science; (6) Stephen Wilson, Ph.D., professor of pharmacy and vice dean of the College of Pharmacy, University of Pittsburgh.

#### PERSONAL ADMINISTRATION

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ity and professional medicine are dependent, is his training and experience in the science and art of pharmacy without which he would be a retailer and nothing more. However, he cannot long maintain his establishment, which serves as a vehicle for the presentation of his professional services, with training in the science and art of pharmacy alone.

In recent years the principles of administering business in a very complicated economic order have been formulated and organized. Concurrently there has been a rapid development of instruction in business administration, and many young men who plan to engage in business activities now pursue courses in this field in college as preparation for their work. In fact, so great are the financial risks involved and so difficult are many of the problems that have to be dealt with that only the unwary and the reckless enter upon business beyond a very small scale without first having acquired a knowledge of business principles both through careful study and some form of first-hand contact with it.

The point of view of this report is that a college or school of pharmacy cannot, in justice to its students, neglect training in pharmacy administration. It is not enough that students who prepare to be retail pharmacists should have good training in the science courses; the college or school has an obligation to provide them with the necessary training to practice their profession. A mere smattering of knowledge about the administrative aspects of pharmacy is not sufficient for the pharmacist. He needs to comprehend sound principles of economics and administration. Involved in this understanding are a knowledge of (1) economic institutions, (2) the flow of goods from producer to consumer, (3) the management of an enterprise or establishment, and (1) the legal aspects of establishing and operating a pharmacy.

The demands must be recognized through substantial courses in the field of pharmacy administration to the extent that they become a major feature of the curriculum. This field must have the same kind of careful study as other divisions of the curriculum; it should not be limited to teaching activities but should also include research.

Fear is sometimes expressed that the introduction of adequate instruction in administration in the pharmaceutical curriculum may prove inimical to professional ideals and standards. No doubt that danger may be present, but it can be eliminated if sufficient instruction time is allowed so that the ethical and social aspects of pharmacy administration may be given as well as its operating principles. Greatly abbreviated administration courses are most likely to be dangerous in this respect.

Instruction in College Pharmacy

Instruction in the field of pharmacy administration is offered by all colleges of pharmacy but in varying amounts. For example, one college offers only one course — pharmaceutical law — and gives only one semester hour of credit for it. In contrast, another college of pharmacy includes in its curriculum four courses amounting to 18 semester hours of credit, distributed as follows: (1) Economics, 6; (2) accounting, 3; (3) pharmaceutical economics (drug store management), 5; and (4) jurisprudence, 4. Between these extremes the total number of semester hours devoted to this instruction are as shown in table 1, the average (arithmetic mean) being 9.

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Table 1. Distribution of colleges of pharmacy according to the number of semester hours of instruction in pharmacy administration included in the curriculum.

Semester hours of instruction	Number of colleges of pharmacy	Semester hours of instruction	Number of colleges of pharmacy
1.8	1	g	13
17	1	7	2
16	. 2	6	6
15	3	5	5
14	3	4	2
13	1	3	5
12	2	2	2
11	14	1	1
10	8	Total	1 64

The branches of pharmacy administration most commonly included in pharmaceutical curriculums are pharmaceutical law and drug store management. (See table 2.) Other branches taught in more than half of the colleges are economics and accounting. Most of these courses carry 3 or more semester hours of credit, with the exception of pharmaceutical law for which the average is 2 semester hours.

Table 2. Distribution of colleges of pharmacy according to the number of semester hours of instruction in various branches of pharmacy administration included in the curriculum.

Semester	Number of colleges of pharmacy offering						
hours of instruction	Economics	Accounting		Advertising Salesmanship	Pharmaceutical Law		
7 6	16	1	5	:::	ï		
4	5	1 20	12	1 7	2		
2	25 2 1	56	13	i	35 5		
Median (semester hrs	.) 3	3	3	3	2		
Total number of colleges	38	33	50	9	52		

The Program Recommended

In recommending the instruction in pharmacy administration that is essential in the pharmaceutical curriculum one must select from a wealth of materials in such subjects as economics, management, and jurisprudence those that are particularly pertinent to the operations of a retail pharmacy. The subject matter must be extensive enough to provide an adequate foundation for understanding those operations to the point where the student is able to judge the operations critically and to carry them on intelligently and as befits a

Table 1. Distribution of colleges of pharmacy according to the content of manner of secestar boars of instruction in pharmacy and the controller.

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The program suggested comprises the following subjects: (1) Principles of Economics, as a foundation course, 3 semester hours; (2) Drug Marketing, 3 semester hours; (3) Pharmacy Accounting, 3 semester hours; (4) Pharmacy Management, 3 semester hours; (5) Pharmaceutical Law, 3 semester hours; (6) Business Law, 3 semester hours (as an elective).

The subject of ethical and professional relations may also be regarded as belonging in this field of instruction, but in this report it is dealt with under the heading of "Pharmacy." (See Chapter 9.)

In the following sections an effort has been made to suggest from the large amount of teaching material now available in these fields of study that which appears to have a definite relation to retail pharmacy. Because the content of some of the subjects has not been well compiled the outlines are in some cases rather detailed. These outlines are not intended as teaching outlines, although some of them may perhaps be adapted for teaching purposes.

Principles of Economics

The course in principles of economics serves as a foundation for all the courses in administration, except perhaps accounting. The objective is to acquire knowledge of economic institutions and structure and to learn the basic facts of economic society which will enable the student to understand the courses in administration. The course should be descriptive rather than statistical in character. The usual introductory college course in economics should serve the purpose, provided it is practical in outlook and not too highly theoretical and philosophical, and provided it is vitalized by much reference to the actual world of economic affairs.

In case the colleges and schools of pharmacy should decide to require two years of college education prior to admission to the professional school, they might well suggest that such preliminary education should include a substantial course in economics. It may be regarded as within the realm of general education.

The course in principles of economics should carry 3 semester hours of credit, which will require 48 hours of didactic instruction.

Drug Marketing

Marketing as used in this report includes all the activities involved in the flow of goods from the manufacturer to the retailer, excluding those activities that change the form of the goods during this time. It is a background course rather than a course dealing exclusively with the activities of drug stores. The activities of marketing from the retailer to the consumer are treated under courses on drug store management. A substantial course in the principles should be a prerequisite for the course in drug marketing.

The study of this course should provide for the student: (1) Understanding of marketing institutions and their functions under the existing economic system; and (2) information oriented primarily to the retailer that will help the pharmacist understand the policies and procedures of manufacturers and middlemen and the reasons for the existence of various types of competition, and that will thereby assist him in the formulation of management policies and operation principles in whatever branch of pharmacy or the drug trade he may engage.

The following outline suggests the character of the content for the course in drug marketing.

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the following outline suggests the character of the content los the call of the

# I. Manufacturers methods of marketing (continued)

- 2. Channels of distribution available to the manufacturer: Manufacturer to consumer, to practitioner, to retailer of various types, to wholesaler, to selling or manufacturers! agents and to other middlemen.
- 3. Factors determining choice of channels: Width of line. Financial position. Type of product. Cost of distribution. Amount of potential and existing demand the channel can satisfy. Traditional distribution channels. Legal limitations on distribution methods. Standardization of records and internal organization. Desire to control promotional effort.

#### II. The wholesaler

- 1. Economic position of the wholesaler: Statistics (number, sales volume, costs, etc.). Economic services performed by the wholesaler.
- 2. Types of wholesalers: Full-line service wholesaler. Specialty (short line) service wholesaler. Cooperatively owned wholesaler. Functional middlemen, as selling and mamufacturers' agents and brokers and commission merchants.
- Classification of wholesalers by trades. Professional supply houses. Others.

#### III. The retailer

- 1. Economic position of the retailer: Statistics (number, sales volume, average sales, etc.). Economic services rendered; importance to society.
- 2. Independent retailer: Importance (statistical) and trends.
  U. S. Census and other classifications. Economic advantages and disadvantages. Types.
- Other types of retailers: Professional outlets, as hospitals, clinics, and practitioners. Established non-drug store retail outlets, as grocery, department, and variety stores. Employer to employee.

#### IV. Functions of marketing

- 1. Buying. 2. Selling. 3. Transportation. 4. Storage.
- 5. Financing. 6. Risk bearing. 7. Market information,

#### V. Distribution policies

- 1. Product policies: Classes of merchandise. Breadth of line. Quality.
- 2. Brand and identification policies: Reasons for branding; for not branding. Types of brands. Legal status.
- 3. Pricing and discount policies: Determination of price. Pricing theories. List prices; discounts from list; other forms of discount. Cut prices. Legal aspects, as fair trade laws, Robinson-Patman Act, anti-trust laws, and miscellaneous legislation.

- 2. Chancels of distribution available to the manufacturer: Ilamafacturer to consumer, to practitioner, to retailer of various tyres, to winderedor, to celling or manufacturers agents and to ester middlemen.
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- V. Distribution policies (continued)
  - 5. Credit policies
  - 6. Service policies: Delivery. Promotional aids, such as demonstrators and display material. Employee training aids. Formal information services. Financing aids.
  - 7. Advertising and sales promotion policies: Window and interior display. Other forms of pharmacy advertising. Advertising to physicians and other professional persons.
  - 8. Product liability
  - 9. Other policies
- VI. Marketing costs and efficiency
  - 1. Marketing cost data
  - 2. Trends and their explanation
  - 3. Measures of efficiency

The course in drug marketing should carry 3 semester hours of credit, which would require 48 hours of didactic instruction.

The only available textbook in drug marketing is Marketing Drug Products by Paul C. Olsen (Rutgers University Press, 1948). It contains a good background of reasoning. The book deals also with pharmacy management.

#### Pharmacy Accounting

This course is a study of the financial records required for the successful conduct of a retail pharmacy. It covers the work of collecting, recording, summarizing, and presenting the information which shows the financial condition and the success of the operations. It is a course in the usual forms of financial records, including statements of income and expense, assets and liabilities, and credit systems.

In operating any kind of establishment that involves money and goods it is necessary to keep records of transactions. Such records are essential to determine current operating results and the financial history, as well as a basis for guiding and controlling future operations, including: determining profits and losses, knowing the financial standing of the business, judging the efficiency of practices, clearing up disputes with customers or creditors, preparing tax returns, and for numerous other purposes. It is necessary, therefore, that one who operates a pharmacy shall understand the purposes and practices of accounting. He may not do the actual accounting work himself, but he must have sufficient familiarity with it so he is not dependent upon his accountant to interpret the facts recorded, their accuracy, or their significance. Only through maintaining and using an adequate system of records can the manager of a pharmacy be sure that he knows the status of his financial affairs.

A study of the causes of failure of 30 pharmacies reported by the National Retail Drug Store Survey in 1932 showed inadequate accounting as a major cause of failure. The report said:

"The large number of casualties among retail stores emphasizes the common knowledge that too much business is conducted on guesses and estimates. What records were used in the drug stores discussed in this report would not have revealed at any time the true status of the business or reflected the real results for a period of operation. Only 2 of the 30 failed druggists had ever attempted

to prepare statements of profit and loss and balance sheets from the accounting records maintained in their business. Three kept no records whatsoever; the others had only notebook ledgers in which they recorded merely purchases and sales. Most of the failed druggists, for many months on the road to ruin, were not aware of their ultimate failure until it arrived.

"Any business, regardless of size or complexity, should know its degree of success or failure. Records alone will show when costs are excessive, when working capital is depleted, and when too much is invested in merchandise and equipment. 1/

The objective of the course in pharmacy accounting is for the student to learn to keep and understand records that will furnish orderly and accurate figures relating to the operation of a pharmacy.

The content of the course in pharmacy accounting may be organized in a number of ways that are acceptable for teaching. The instructor should follow the one for which he is best prepared. The following outline may prove useful, at least by way of suggesting the character of the content.

#### I. General principles

- 1. Business funds vs. owners' personal funds
- 3. Other reasons for keeping records 2, Legal compulsion to keep financial records
- General business practices as the foundation for record keeping
- 5. Goals of accounting. Store figures. Department figures.

#### II. The balance sheet

- 1. Purpose 2. Elements 3. Form
- III. Income and expense statement
  - 1. Purpose 2. Elements 3. Form
  - IV. The account
    - 1. Function 2. Form 3. Entries 4. Ledger 5. Names
  - V. Principles of the general journal
  - VI. Posting: General, customers, and other special ledgers
- VII. Adjustments
  - 1. Inventory 2. Accrued expenses 3. Mixed accounts
- VIII. Closing entries
  - IX. Profit and loss, and balance sheet statements
  - X. The work sheet
  - XI. Subsidiary records
    - 1. Bank
- 3. Petty cash 5. Budgeting

- 2. Cash register
- 4. Accounts receivable 6. Others

<sup>1/</sup> Causes of Failure Among Drug Stores. U.S. Department of Commerce, Bureau of Foreign and Domestic Commerce, Domestic Commerce Series, No. 59. (Washington, D. C. U. S. Government Printing Office, 1932), p. 9.

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## XII. Special journals

1. Principle 2. Number and names 3. Columnar arrangement
4. Posting rules 5. Customer ledger (control of credit sales).

#### XIII. Departmentizing the records

- 1. Reasons for departmentizing
- 2. Methods of record keeping to bring about departmentizing.
  Adaptation of methods to type and size of store.

#### XIV. Interpretation of financial statements

1. Operating percentages 2. Ratios

Discussions of income tax, liabilities and problems are included in some courses of accounting. It seems inadvisable to include this topic in the course because of the difficulties it presents and because of the extensive amount of time that would be required to cover the subject sufficiently to assure competence on the part of the student in dealing with income tax matters.

The course in pharmacy accounting should carry 3 semester hours of credit.

The only textbook that is specifically on the course is Drug Store Accounting, by J. Brooks Heckert and William E. Dickerson (McGraw-Hill Book Co., 1943). It is widely used. In a detailed example it presents a specific set of book-keeping books which may be difficult for beginners to understand. The book also contains descriptions of some drug store business practices.

The Accounting and Record System for the Retail Drug Store is published by Eli Lily and Company. This columnar record book is supplied, without charge, to colleges of pharmacy which wish to use it in teaching accounting to pharmacy students. Lesson sheets covering actual transactions in a pharmacy for a calendar year and a teacher's manual are also supplied. Sufficient directions are included in the book to make it serve as a textbook.

Any textbook that is used will require considerable supplementing by the instructor.

Pharmacy Management

Management comprises those activities that relate primarily to organizing, planning, and controlling a business enterprise — in this particular instance a pharmacy or drug store. As used in this report it relates to the activities of marketing from retailer to consumer.

The need for including instruction in management in the pharmaceutical curriculum is patent to anyone who will consider the problems involved in maintaining and operating a pharmacy. The following statement from the report of the National Retail Drug Store Survey (1932), referring to the causes of failure among drug stores, states the case well:

"Through analysis of the locations these stores occupied, it was found that one-third of them had chosen sites where drug stores had previously failed. Most of the owners had training in drug stores, but were so lacking in business ability that success in their undertaking could hardly be expected . . . .

"Large bad-debt losses on credit sales, no doubt, had an adverse effect on those stores which sold for credit. The average overhead was extremely high and out of proportion to sales. This report reveals that many of the fundamentals of successful merchandising were violated by the merchants who failed . . .

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"Large bed-dabt lesses on credit eales, no doubt, had an udvers effect an close stores which sold for credit. The average everhood was entranely high and ent of proportion to sales. This report revenls that many of the innicentials of successful many although the decemental menoperations very visitable by the normania who falled . . .

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"The average rent paid for the failed stores was 10.6 percent of net sales, whereas 40 active drug stores were paying only 4.7 percent of net sales for rent. Twenty of the druggists who failed supplied less than 30 percent of their capital at the inception of the business. Capital was acquired at such high rates that in most instances the volume of sales was not sufficient to carry more than their commitments." 1/

Such statements suggest that drug stores fail largely because of poor management and the lack of understanding of its elementary principles on the part of the proprietors and managers.

Through a study of this course the student should obtain familiarity with the basic principles underlying the successful and orderly operation of a drug store.

A course in the principles in economics should be a prerequisite for one in pharmacy management. The content for instruction in pharmacy management can be organized in several ways. The outline suggested here begins with a person legally qualified to operate a pharmacy and follows logically the acquisition of a pharmacy, placing it in operation, and maintaining it.

I. Statistical view of the drug store

Current national, state, and local statistics of interest to pharmacists. (Some of these statistics belong also under appropriate subjects which follow.)

II. Selecting a location (factors to be considered)

1. Determination of type of pharmacy to be operated: Professional, commercial, special.

2. Determination of type of locality desired: Small town, large city, central or neighborhood business section, outlying drive-in loca-

3. Selection of specific site: Amount and type of competition. Analysis of other businesses. Purchasing power of traffic or community. Kind of traffic. Industries supporting the community. Number of physicians with offices near-by. Size of pharmacy in relation to anticipated volume of business. Physical condition of property. Advertising media and cost.

# III. Types of proprietorship

- 1. Sole ownership 2. Partnership 3. Corporation 4. Others
- IV. Naming the establishment
  - 1. Legal aspects 2. Business aspects 3. Types: Personal. Fanciful. Geographic.
- V. Financing the establishment.
  - 1. Opening 2. Operating
- VI. Acquiring premises
  - 1. By lease: Types of tenancies. Typical lease terms, Percentage leases. (Such items as appraising rental space, amount of rental

<sup>1/</sup> Causes of Failure Among Drug Stores. U. S. Department of Commerce, Bureau of Foreign and Domestic Commerce, Domestic Commerce Series No. 59. (Washington, U. S. Government Printing Office, 1932) p.1.

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1/ Causes of Religion Among Dirig Storms. C. C. Dedaktmont of Corester Australia of Corester Australia Communication Communicati

for a given volume of business, costs of leasehold improvements, inclusion of heat and water, length of lease.)

2. By purchase.

3. Need for consulting license and permit issuing authorities before leasing or purchasing.

# VII. Layout principles

1. Classification of goods and services as to customer demand: Impulse, staple, fixed.

2. Customer traffic

- 3. Customer convenience
- 4. Personnel convenience
- 5. Special situations

# VIII. Fixtures and equipment

1. Financing 2. Legal aspect 3. Architectural considerations

# IX. Buying a drug store

1. Determination of the value: Evaluation of assets methods. Capitalization of earnings method. Projected operating statement method.

2. Reasons why pharmacies may be overevaluated (as examples): Inflated profit owing to failure of owner-worker to draw sufficient salary. Failure of business to charge rent for building owned by pharmacy proprietor. Failure to depreciate stock and capital equipment adequately. Over-evaluation of good will and prescription files. Failure to analyze the type and origin of good will. Other errors of evaluation.

3. Legal aspects

# X. Selecting and acquiring the merchandise stock.

1. Initial stock

2. Sources of supply

3. Principles of purchasing: Selection of stock to be carried. Selection of sources of supply. Ideal quantity to be purchased. Terms of purchase. Buying merchandise rather than discounts. Relation to turnover.

# XI. Receiving, marking, and arranging the stock

1. Routines for receiving and checking

2. Code marking, systems

3. Principles of shelf arrangement of stock

#### MI. Pricing

1. Components of the price: Merchandise. Prescriptions.

2. Markup and markdown procedures

3. Resale price agreements and laws

# MII. Personnel

1. Mumber and classification of employees

2, Standards for selection 3. Methods of selection

4. Employment contract

(becalines) series printered IT for a given volume of business, combs of lessenoid improvement (sensi to signal reser one feed to notenfort the for consulting license and penuit leming and incities belo lessing or purchasing, Levent principlan Classification of pods and norvices as to metemer denset in a .herli ,almets Oldstoner traffic Contoney conventence Purnoymen Conventence analdautin Lalasus Manufape and equipment I Hameing C. Legal aspect J. Architectural considerations Brying a drug niore Description of the raise: Evaluation of account medical, Carling abilden thepaints galibrego betoejori . hoden agazarno te melled Reasons why plants and the overewalunted (as against all and theis rive of textor remo to craffed of salve filers hear D salany aniblise and thou example of asentand to smallet agentas plantage property and depressing the depression of the contract and contract contract notralization of the lite hoos to not selection or and presentation ties, Alle book to abelia ban each but anylens of crailed , seem creens of synthesis s. Spicotis not manifold the merchandise attock, Le trans a en est and Convers to measured Delves of pareles by Eslection of stock to be cervied. Scientists of course and the least sentity to be unrehunal, Corns of variouses, Justine merobaudies rather than discounter. Navanter of molecular. meestylas, services, and seventing the chock Southern the receivery and checking 2. Codo Maridan, sunhans Monte to decompany as lines to coldinate? Maloluif Commonwest of the grades Merchanilles, Presentations, Markey and merideen precedified Augi Bus senonders adire elseni . I Fergonnel support and classification of employees Standards side about the northeles he about shi Josephan Americalons

# XIII. Personnel (continued)

- 5. Training and store rules 6. Assignment of duties

7. Supervision

8, Evaluation of service

9. Remuneration forms

- 10. Relations with trade and professional unions, and other forms of collective bargaining.
- 11. Personnel problems: Individual. Collective.

#### XIV. Insurance

1, Principles

2. Advisability of adequate coverage

3. Types required and needed by the pharmacist

#### Competition .VX

Competition in a capitalistic economy

2, Inside competition: Brand competition, Use competition, Inter-

department competition.

3. Outside competition: Other pharmacies. Competition for certain pharmacy departments (examples - economic dispensing by practitioners vs. professional dispensing; stationery store or shop). Economic competition for the consumer's dollar.

4. Meeting competition

#### XVI. Personal selling

#### XVII. Operating costs

1. Need for adequate knowledge

2. Current and comparative figures and averages: Sources of information. Interpreting and evaluating percentage figures.

Use of ratios as management guides.

#### XVIII. Budgeting

3. Expenses 4. Financial 2. Sales

#### XIX. Stock control

1. As an aid to management

2. Types: Departmentization. Inventory (Fiscal and perpetual. Advisability of perpetual inventory for high prices and legally controlled items only.) Budget

### Agency and voluntary chain membership

- 1. Competition, semi-monopoly, profit, and other factors as influencing choice.
- 2. Personal factors

#### Own-labor merchandise

- 1. Reasons for creating own-label merchandise; Exercise of professionalism and pharmacy prerogative. A method of demand control. Availability of margin usually going to mamufacturer, middleman, and retailer.
- 2. Problems: Technical manufacturing problems. Governmental regulation. Product liability.

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-12-XXII. Other store policies 1. Hours and days of operation 2. Services and free services 3. Complaints and adjustments 4. Credit and collection 5. Promotion policies and standards
6. Rules intended to Rules intended to prevent dishonest practices Markdown sales The course in pharmacy management policies should carry 3 semester hours of credit; it will require 48 clock hours of time for didactic instruction. A widely used textbook is Drug Store Management by Herman C. Nolen and Harold H. Maynard (McGraw-Hill Book Company, Inc., 1941). This easily read book emphasizes the trade point of view. Marketing Drug Products by Paul C. Olsen, although following the marketing approach, deals with management also. Pharmaceutical Law Pharmaceutical law deals with laws, regulations, and court decisions of a federal, state, and local nature which concern or control the professional and closely related activities of a retail pharmacy. In large part, pharmaceutical

Pharmaceutical law deals with laws, regulations, and court decisions of a federal, state, and local nature which concern or control the professional and closely related activities of a retail pharmacy. In large part, pharmaceutical law is criminal law, generally referred to as regulatory law; it contains some principles of tort law. As here defined, pharmaceutical law excludes business law. Pharmaceutical law particularly applicable to persons other than retail pharmacists engaged in drug handling activities, if desired, should be considered in elective or graduate courses.

The objective of this course is to acquire the knowledge which will enable the pharmacist to conduct his professional and related activities legally and without needless risk.

The materials for a course in pharmaceutical law are drawn from many sourcesfederal, state, and local. There is no particular difficulty with the federal
law, but so great is the diversity of state legislation that it cannot be placed
in a general outline. It is believed, however, that under the following topics
the major aspects of pharmaceutical law can be well covered. Constant reference
needs to be made to state and local requirements in the vicinity or area served
by the graduates of a particular college or school of pharmacy.

- I. Power of federal, state, and local governments to control the practice of pharmacy
  - 1. Federal government: Granted constitutional powers through which the federal government is empowered to control professional matters at the local retail level (Taxation; interstate commerce and recent expansion of the definition; postal; Indian matters; national defense.) No general police power (older views; recent views).

2. State government: Police power an inherent power, definition.

3. Local government: Limited power. Divisions.

# II. Administrative bodies

1. Need for, and types

2. Position in the governmental structure

3. Types of authority

# III. State board of pharmacy

1, Titles

2. Purpose and functions

3. Source and limits of authority

# IV. Legal classification of pharmacy personnel

- 1. Pharmacists and/or druggists
- 2. Assistant pharmacists
- 3. Apprentices
- 44 Registered pharmacy college students
- 5. Others: Managers. Corporations. Nonpharmacists

#### V. The registered pharmacist

- 1. Privileges granted by registration
- 2. Prerequisites for registration
- 3. Reciprocity
- 4. Reregistration
- 5. Miscellaneous provisions

#### VI. The assistant

- 1. Existence of this class in some states
- 2. Privileges granted by registration
- 3. Prerequisites to registration
- 4. Reregistration
- 5. Miscellaneous provisions

#### VII. Health Regulations

#### VIII. Legal controls of employee relations:

- 1. Minimum wage laws
- 2. Maximum hour laws
- 3. Child labor laws
- 4. Labor relations laws
- 5. Others

#### IX. Licensing the pharmacy

- 1. Types of licenses and permits; issuing authorities
- 2. Conditions for obtaining licenses and permits
- 3. Provisions of licenses and permits

# X. Federal, state, and local narcotic laws and regulations (The suggested form of treating this topic is to consider the Harrison Narcotic Act and to point out the state and local additional provisions of law. The additions should be identified as such.)

- 1. Definition of narcotic
- 2. Method of controlling handlers of narcotics
- 3. Acquiring narcotics
- 4. Disposition of narcotics by prescription: Legal requirements of prescription. Legal requirements of label. Records and miscellaneous provisions.
- 5. Exempt narcotic preparations: License. Manufacture. Buying. Disposition. Records. Miscellaneous provisions.
- 6. Other legal methods of disposing of narcotics (special list).
- 7. Miscellaneous narcotic provisions
- XI. Federal, state, and local marijuana (cannabis) laws. Only brief mention need be made of this legislation for it has little application to practical pharmacy.

I wis classification of thereory personnels to Pharmacist and/or deviging manager Ansieta to pharmalste at detert char duy college signeria. Ottores ens. ere. Corporations. Monotone seroid no the duly or not medicine many Beginnerity Somethat wathou salade of a al assau and to constitue and and any or production of the second So. Pregrature to the La menger the issuidates peroligra la alegrace latest L. Winings wurd hand 2. Low Land School Land 3. Ohile Liber laws musi satisficier rocat Aguarda all milacopAl . Types of Herman and permits i traving authorities and at Lingui fine anemosis folloses por metro por le como es atteres the toused I to en talent . . ludgered, stately and food regreated lang and regulations (The during but form of treating side topic to to consider the Barrison Marcotto has and to pulse our the state and lucus additional recovering of low-( days as bell dnebl ad Llocks anoblibbs of Le Derlaitson of Taracotte 2. we knot er controller handlare of nerockies Maparition of marceller by prescriptions for and inoquire of green leds to singurations in al motion more to .anosalvong progral Mozin exercit marricale or eracional literates sanifactores burings disposition. Reduction .dispositioneous provisions. Other Loral actions of the caller of mercotine into redto Liscold woods removed acoustions. to be sent (aldernos) ansignas latel bus carasta larel at -college of till and il reg college; at a lot to easy ed been college tion to weather plantager.

- XII. Federal, state, and local food, drug, cosmetic, and devices laws
  - 1. Federal food, drug, and cosmetic act (only parts applicable to retail pharmacy): Purpose and function. Methods of control. Label and labeling requirements. Current definition of interstate commerce. Federal law and retail pharmacy sales. Recent basic court decisions. Guarantee. Miscellaneous provisions.
  - Wheeler-Lea Act supplementing the federal food, drug, and cosmetic act.
  - 3. State food, drug, and cosmetic laws
  - 4. State laws concerning devices, such as hypodermic syringes and needles, sutures, and sickroom supplies.

#### XIII. Laws concerning poisons

- 1. Legal definitions of poisons
- 2. Sales restrictions and records
- 3. Federal and state insecticide, fungicide, and rodenticide laws

## XIV. Laws concerning caustics and corrosives

- 1. Legal definitions
- 2. Label requirements
- XV. Laws concerning viruses, serums, and toxins
  - 1. Definitions 2. Licenses 3. Labels 4. Storage 5. Sales control 6. Miscellaneous provisions
- XVI. Laws concerning barbiturates
- XVII. Laws concerning patent and proprietary medicines. Legal authority to merchants to handle.
- XVIII. Laws concerning alcohol and alcoholic products
  - Alcohol in manufacturing and in compounding prescriptions: Federal alcohol tax. Drawback provisions.
  - 2. Denatured alcohol
  - 3. Malt, vinous, and distilled preparations

#### XIX. Laws concerning weights and measures

- XX. Counter prescribing
  - 1. Definition 2. Legal status 3. Ethical considerations

#### XXI. Criminal and tort laws concerning prescription compounding

- 1. Definition of a prescription -- the paper
- 2. Degree of skill required of the pharmacist by law
- 3. Degree of care in compounding required by law
- 4. Types of errors
- 5. Right to refuse to compound
- 6. Labeling
- 7. Record keeping
- 8. miscellaneous provisions

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- XXII. Other laws concerning the prescription
  - 1. Property rights
  - 2. As evidence
- XXIII. Miscellaneous, regulatory, and criminal laws concerning the acquisition, disposition, labeling, recording, and reporting of drug store items.
- XXIV. Miscellaneous potential liabilities in tort

  - To persons on the premises
     For errors in selling and services
  - 3. Shoplifting and false arrest
  - 4. For sales to minors and incompetents
  - 5. Protection by insurance (Details to be taught in the course on pharmacy management)

The course should carry 3 semester hours of credit, which will require 48 clock hours of didactic instruction.

The textbook which attempts to deal with the entire subject of pharmaceutical law from the point of view of court decisions and federal and uniform statutes, is The Law of Drugs and Druggists by William R. Arthur (West Publishing Co., 1947, 3rd ed.). This book represents a good beginning. Its usefulness is somewhat limited by the fact that the student alone can do little with the material because of the legal language used. It should be said, however, that the book contains a good clossary of legal terms. The treatment of a topic in the book is restricted largely to excerpts from statutes and decisions without sufficient connective material. The book is a good aid to the instructor, but it leaves much to be desired from the point of view of the student.

In spite of these shortcomings the book is very useful by way of bringing together for reading reference much of the basic material that is required for a course in pharmaceutical law. It needs to be supplemented with much original source material such as state and federal laws, regulations, and court decisions.

A priefer and now partly outlated textbook is A Manual on Pharmaceutical Law, by C. Leonard O'Connell and William Pettit (Lea & Febiger, 1938).

#### Business Law

A course that would prove highly useful to a retail pharmacist is one in business law. Such a course should be offered to pharmacy students, but its priority is not as high as that of the courses previously outlined.

Inasmuch as the business aspect of operating a pharmacy is largely based upon agreements and contracts -- oral, written, and implied -- it is issirable that the retail pharmacist should understand the principles of the laws under which he has to operate. This would entail a study of the statutory law, the common law, and court decisions. The field of pusiness law is largely based upon the law of contracts, and therefore, the law of contracts should have a place of major importance in the course. It should be followed by such specialized phases and aspects of business law as agency law and sales law.

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Among the additional topics that might well be included are: law of negotiable instruments; phases of real estate and mortgage law; and laws of patents, copyrights, and trademarks. Certain other topics based on contracts are discussed in conjunction with the business aspects of certain topics in the courses in pharmacy management, as for example, leases, fixtures, and firm names.

Another phase of business law concerns torts. It considers the rights of individuals arising from the wrongful acts of other. The principles of this phase of business law may be discussed in this course. Tort obligations concerning the professional activities of a pharmacy are logically taught in the course in pharmaceutical law, and other tort obligations are naturally taught in connection with topics in pharmacy management, as for example, insurance.

Criminal law is not covered in business law as generally taught, but questions of criminal law applicable to pharmacy operations constitute the major portion of the course in pharmaceutical law.

#### Teachers of Pharmacy Administration

The weakest aspect of the teaching of pharmacy administration in colleges and schools of pharmacy is in the teaching personnel. The courses are more frequently taught by science instructors than by persons trained in business or law. A recent statement characterizes the situation:

"In very few schools will you find a department or a segregation of business courses, instead business courses are relegated to part-time activity of some science instructors, and frequently with the onus of 'dirty work' that beginners have to do until it can be transferred to the next new man. In short, the business course falls to the level of the untrained instructor rather than acquiring the rightful dignity of a college grade course." 1/

The statement refers to the teaching of pharmacy administration as "the poorest and most degraded instruction, usually from teachers whose interest lies elsewhere or who are but one step advanced above student status."

#### Continuing, the statement says:

"Such observations, and many others, lead to the recommendation that schools and colleges of pharmacy should create a separate division of study for the business subjects; a full time trained instructor should have charge of the subjects and should be given such recognition in salary and title as his accomplishments warrant. Business courses should be given by instructors who are more than 'one lecture ahead of the class.' A long term plan for such schools as have current financial worries could be to employ a graduated pharmacy student who is allowed and required to study either law or business, or the process may be reversed by employing a law or business graduate, although the former plan is probably the better system.

"More full time business teachers with both a pharmacy and either a business or a law training could perform a great service for pharmacy and pharmacy schools. Under their guidance schools could eliminate the 'play courses' now offered as business instruction. Unproductive hours of show card writing and unnatural 'sales demonstrations' would be replaced by informative lectures of

<sup>1/</sup> J. H. Goodness, Post war Plans for Courses in Pharmaceutical Economics in Colleges of Pharmacy. American Journal of Pharmaceutical Education, Vol. 9, pp. 42 - 47 (January 1945)

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solutions to problems that harass all druggists. Unbiased statistics concerning retail pharmacy would be gathered. Textbooks on pusiness methods would multiply. Druggists would recapture the pharmacist's art in own-labeled products of high quality, and properly label them to comply with laws that today frighten even the most scientifically trained apothecary from such ventures. Their contributions to state pharmaceutical association meetings would be mutually beneficial to the school and the association, as it is the business teachers, who better than any other pharmacy school instructor, can know the state of current drug store practice. These and many other benefits can flow from a full functioning business department in schools and colleges of pharmacy."

Instructors in pharmacy administration may come from three fields -pharmacy, business administration, and law. A background in pharmacy is very
useful indeed, but adequate preparation in administration or law or both, lepending on which the instrictor teaches, is absolutely essential. One whose
basic training has been in administration or in law should be able, without
undue difficulty, to acquire the necessary background of understanding and
appreciation of the ethics, public health responsibilities, and the scientific
aspects of pharmacy if he makes such understanding and appreciation a definite
objective and devotes time to it. One whose basic training has been in pharmacy,
if he plans to teach pharmacy administration or pharmaceutical law, should prepare himself for it through adequate study of administration or law, preferably to the point of acquiring a degree in his field of instruction. The
approach to the subject should be with due regard to the fact that the practice
of pharmacy is primarily a professional health service.

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PRINCIPLES OF ECONOMICS
AS APPLIED TO THE PRACTICE OF PHARMACY

Dr. J. H. Goodness Massachusetts College of Pharmacy PROMOTERS OF PROPERTY OF PRABATOR

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# BUSINESS ORGANIZATIONS (PROPRIETORSHIPS)

#### Business elements:

- 1. Men--Owner and/or employees and/or independent contractors
- 2. Machines -- Fixtures and equipment
- 3. Materials -- Inventory
- 4. Methods -- Professional, economic, business, legal, and psychological skills.
- 5. Money -- Cash or credit

For business success, the owner (risk-taker) must exercise business skill. which means he must put the above elements together:

- 1. in efficient amounts
- 2. at the correct rate
- 3. in proper sequence 4. at the right time
- 5. at the proper place

Business success means that society is served and a profit is created.

Most common forms of business organizations (ownership).

- 1, Sole ownership 2. Corporation
- 3. Partnership

Sole Ownership .

Generally, for retail pharmacy, when one person assembles all the business elements, he is capable of and holds sole control of the business. The business organization is most generally a sole ownership.

#### Nature of Sole Ownership

- A sole owner
  - 1, has full control
  - 2. bears all the risk
  - 3, keeps all the profit (or loss)

In law, a business owned by a sole owner (human person) is not a separate legal entity. Both the person and the business are one.

#### Some Problems of Sole Ownership

- 1. Unlimited liability Personal or business property available to personal or business creditors
- 2. Human limitations
- 3. Limited life

Corporation

When one person is in a position to create a sole ownership, he may for the purpose of separating his personal entity (and property) from that of the business, as well as for other business reasons, form a corporation. (To conform with legal requirements this may have to be done in several steps.)

#### Nature of a Corporation

- 1. A corporation is a fund of money in business. Inanimate.
- The corporation is an entity apart from the person who owns it. To illustrate this separation of entities diagrammatically:

The human person (or persons) as stockholder

owns.....the corporation (Entity No. 1) which owns and

runs.....the business

# BURILLERS OFFARTERIOUS (FROERLENGERLES)

1. Non--Orner and/or employees and/or independent contractors tofasmo to ameniaus

tranchme has service -- sentime!

Materials -- Inventory iletinds - Professional, economic, business, legel, and psychological skills.

finers we desc - wend! . .

Tor business success, the owner (risks taker) must energies business abill. the standard attended evode out the term of same world

In efficient amounts

at the correct rate

in proper sequence only the right the

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Duelness ouccess means that evelety is served and a profit is created.

Mont common forms of business erganizations (oreganity).

- Sile comerchia

Corporation .S 3. Partmership

Cenerally, for rotall pharmany, when one person assembles all the buelneed of to forthee clos and holds cold out the business. The business organization to most monerally a cole ownership.

Makura of Sole Ownership

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le low, a business owned by a cole owner (human rerson) is not a one ore ascaland end has noway bid the Land the business are one.

Problem of Sole Companies

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Personal or business property systems to personal or business ered there

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3. Marked 1850

Work one person to the a posttion to emente a sole ownership, he car for noither our of the purpose of separating his parsonal entity (and property) from that of the business, as well as for other business reasons, form a corporation. (To conform with legal requirements this may have to be done in. ( Bresta Laravez

Mature of a Corneration l. A corporation is a fund of money in business. Ineminate, 2, The comporation is an entity apart from the person who owns it. and the state this sendration of outlites diagrammatically

> The busin percet (or nersons) an acoddoolder Cantity E. I) which owns and

rulling entrangement of the local man

Nature of a Corporation(continued)

3. Limited liability (limited to extent of corporate funds)
4. Deathless

5. Majority control for most matters

Some Problems of a Corporation in Retail Pharmacy

- 1, Professional practice (the drug business) must be in control of those who are personally responsible to a board of pharmacy.
- Credit problems for small corporations and for corporations starting a business.

Partnerships

When one person wishing to operate a business needs another person or persons to supply the elements of business, none of which will be furnished by the other person unless he acquires some control, the divided-control form of organization will generally be:

1, a corporation

or

2. a partnership

#### Nature of a Partnership

1, Not a legal entity

2. Any partner may dissolve the partnership at any time

3. Divided control -- each partner is part of the "firm" for rights

4. Unlimited liability - each partner is liable for the entire business debt

Partnership agreement

6. Uniform partnership law

# Some problems of a Partnership

1. Non-pharmacist partners

2. Can the business pay salaries to all partners?

(Smolfasinagro assalant) Inture of a Corporation(continued) (abstitty (limited to extent of corporate in as) Desthicas - - - nation form tol fortnoo wittetall .? Some Problems of a Corporation in Rateil Pharmacy le Professional practice (the drug business) wast be in control of those who are personally responsible to a board of pherasoy. 2. Oredia problems for coall corporations and for corporations starting a business. lines one person wishing to eperate a business needs another person or persons to supply the elements of business, none of which will be furnished by the other yoursen unless he acquires come control, the divided-control form of organisation will generally be: L. a corporation 2, a pertmerentr Seture of a Pertnership Taline Legel a Joll al 2, Ary partner may dissolve the partnership at any time Distance control -- such partner is part of the "firm" for right a. Unline ted lightlisy - each pertner to liable for the entiry step gasained. Fartnership agreement wal quideng partnership law distantiat a to smaldorg amoi Ton-plantate to ton maio and . I Can that bestiness pay calaries to all pertnore?

#### NAMING THE PHARMACY

#### Some functions of a name

1. To identify the firm as an entity

2. To identify the nature of the business or businesses

3. To locate the pharmacy geographically

4. To borrow prestige

5. To advertise some feature of the firm, structure, or business

6. To identify the owner or owners

7. To indicate the type of proprietorship

# Some legal limitations on business names

1. Legally established similarity or difference of the words Pharmacy, Drug Store, Apothecary, etc.

2. Limitations on the use of words such as Prescription, Drug, Pharmacy, Drug Store, Apothecary, etc.

3. Limitation on the use of "Laboratory" (F.D.C. law)

4. Use of name of a living person (other than the owner)

5. Use of name of existing business or organization

6. Use of words designating incorporation

7. Married woman's use of husband's name for her independently owned business

#### Some legal compulsions

1. Evidence of incorporation or other form of limited liability in name

2. True-name statutes

#### Business name as property

1. Name is part of good will unless otherwise specified in the purchase agreement or an involuntary sale of business

2. Law granted protection of name

#### Business names to be avoided for a retail pharmacy

1. Those connected with fads or current events

2. Those which do not show professional dignity

3. Those that indicate excessive familiarity

4. Those arousing prejudice

#### Some special problems

1. Public misunderstanding of meaning of "Professional Pharmacy" when pharmacy is located inside of a medical arts building

2. Use of the name "Medical and Drug Center" for professional center

3. Two businesses disclosed in the business name h. Personal name as part of the business name

5. Use of former partner's name

6. Selecting names for two or more drug stores in the same community when they are owned by the same owner

# HANTING THE PHARMAGE

# Some functions of a name

- To identify the firm as an entity
- To identify the nature of the business or businesses
  - To Locate the pharmacy geographically
    - To borrow pressing
- To envertise some feature of the firm, structure, or business
  - To identify the owner or owners
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# legel limitations on business names

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- List witches on the use of words such as Prescription, Drug, Pharmac
  - Drug Store, Apothecary, elo-Limitation on the use of "Laboratory" (F.D.C. law)
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- dee of the name "sedical and Drug Center" for professional ounter
  - Two businesses disciosed in the business name ersonal dame as part of the business name
- Use of former partner's name Selecting names for two or more drug stores in the same community when they are ouned by the same owner

#### 1. PERSONAL NAMES

- J. Jones
- J. Jones, Registered Pharmacist
- J. Jones, Pharmacist and Chemist
- J. Jones, Apothecary
- J. Jones and Son
- J. Jones and Co.
- J. Jones, Inc.

#### 2. GEOGRAPHIC NAMES

Adams Street Pharmacy (Street) Bowdoin Square Pharmacy (Square) Back Bay Pharmacy (District) Weston Pharmacy (Town) Commonwealth Pharmacy (State) Statler Pharmacy (Hotel) City Hall Pharmacy (Public Court Pharmacy buildings) Bunker Hill Pharmacy (Monument) "Landmarks" Echo Bridge Pharmacy Harvard Pharmacy (School) Tech Pharmacy

## 3. FANCIFUL NAMES

Gold Medal Pharmacy Maple Pharmacy

Campus Pharmacy

Home Pharmacy
Homestead Pharmacy
Pleasant Pharmacy
Comfort Pharmacy
Ideal Pharmacy
Peerless Pharmacy
Naborhood Pharmacy

"Mood" names

Lincoln Pharmacy )
Paul Revere Pharmacy ) "Prestige" names
Longfellow Pharmacy )
John Quincy Adams Pharmacy )

Central Pharmacy Corner Pharmacy

#### 4. COMBINATION AND MISCELLANEOUS NAMES

Jones Bowdoin Square Pharmacy Jones Rexall Drug Store Jones Prescription Pharmacy Hospital Pharmacy of Boston Professional Pharmacy Twin Pharmacy Jones Pharmacy and Optical Co. (Personal-Geographic) (Personal-Brand) (Personal-Service) (Service-Geographic) (Service)

(Personal-Two Services)

# PERSONAL MAKES

J. Jones

J. Jones, Registered Pastuscist, Je dones, Pharmacat and Chemist

J. Jodies, Apothecary

it dones and Son

of Jones and Co.

song geenst at

# GOOGRAPHIC DAYES

Min.s Street Pharmacy Boudoin Square Phinagy Back Bay Pharmacy Vesting thirds of

Statler Pharmany City Hall Pontoncy Court Franciscoy Tourser Hill Pengers Labo Bridge Phirmacy Inch Pharmacy Compan Pharmacy

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# PANCEFUL HAMES

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> Contral Flarmacy Corner Parkacy

# CO HIDATION AND MISCELLAMBOUS MANTS

Jones Bowloin Square Pharmacy Jones Rexall Drug Store John Frescription Pharmany Hospital Pharmacy of Boston Professional Pharmady Trin Pharmacy Jonus Pharmacy and Optical Co.

(Personal-Geographic) (Perconal-Reand) (Personal-Service) (Service-Geographic) (Sorvios)

(Resolving owl-Incompage)

	Element	Purpose
l.	P	-1
	Personal name and/or	Identifies owner
	Geographic name	Suggests location of business
	and/or	puggesus rocation of pustness
	Fanciful name	Suggests mood, prestige, service, etc.
	"and Son"	Indicates owners
	"Bros."	other than those
	"& Co."	specifically named
	etc.	
	"Prescription"	Emphasizes a
	"Hospital"	specialty in
	"Homeophathic"	service
	"Veterinary"	
	etc.	
1.		
	"Pharmacy"	Discloses the
	"Drug"	nature of the
	"Drug Store"	business
	"Apothecary"	
	"Shop" etc.	
1	600	
•	"& Chemist"	Emphasizes and
	"and Optical"	advertises a
	"and Camera"	side line or
	"and Bookstore"	service other
	"& Sweet"	than drugs
	"and Gift"	
	"Company" or "Co."	Discloses the
	"Incorporated" or "Inc."	nature of the
	"Corporation" or "Corp."	ownership
	"Limited" or "Ltd."	organization

Imposts	pangeng
Personal name and/or Heegraphic name and/or	Suggests mood, prestign, service, etc.
"and Son" "Book" "& Co." "a Co."	Indicates owners other than those specifically named
"Frenchiston" "Hospitaling" "Homeophanito" "Homeophanito" "Homeophanito" "Homeophanito"	Amphasises a apecially in service
Thermoy's "Drug" "Drug Store" "Apotheoury" "Grop"	Mecloses the mature of the business
"A Checkel" "and Optical" "and Concre" "and Bookstore" "and Bookstore" "and Bookstore"	Explanation and minoritions a side line or marvice other than druce
"Company" or "Go." "Incorporation" or "Inc." "Corporation" or "Gorp." "Lindved" or "Ltd."	Discloses the neture of the ownership on the

#### A SURVEY OF BOSTON DRUG STORE NAMES

The following findings are based upon the December, 1949, Classified Telephone Directory for Boston and Vicinity listing 740 drug store names

The following were used as part of the business name	Number	Per Cent
Personal name Geographic name Fanciful name Combination of above and miscel.	466 157 72 45	63. % 21.2% 9.7% 6.1%
"Pharmacy "Drug Co." "Drug Store" "Drug" (as "Jones Drug") "Apothecary"	363 113 53 51 10	49. % 15.3% 7.2% 6.9% 1.4%
"Inc." "Corp."	118	16. %
"Drug Shop" "Shop"	1	Ξ
"Cut Rate"	1	
(Two businesses in one name)	1	

Massachusetts law restricts the use of the words "Incorporated" and "Corporation", or their abbreviations, to corporations, but corporations, as well as unincorporated firms may use the anme "Company", or "Co.". All corporations cannot, therefore, be detected from firm name alone in Massachusetts.

#### SLOGAN

A staccato phrase summarizing a message

Functions of a slogan

- 1. Aid to memory of drug store name
- 2. Advertises
- 3. Reminder

Long-term-use slogan requirements

- 1. Dignity, modesty, professionalism
- 2. Not a direct or indirect reflection against pharmacy or pharmacists
- 3. Honesty

Acceptable slogans

Boston's busiest drug store)
Boston's largest drug store) Superlatives encourage free advertising
Boston's oldest drug store) of the drug store

As near as your telephone

Camera center, too

## A SURVEY OF BOSTON IRUC STORE NAMES

The following findings are based upon the December, 1949, Classified Telephone Directory for Boston and Violatty listing 740 drug store manne

Pur Cont	Todavil	The following ware cast as
63. £ 21.28 20.28 80.15	1,66 157 12 12 15	Personal name Geographic name Tarciful name Combination of noove and miscol.
15.3% 1.2% 1.2% 1.4%	10 23 173 173 173 173	"Phareacy "Drug Co." "Drug Store" "Drug" (se "Jones Drug")
7.91	gri	"Inc." "Corp."
-	I	Whops Shops
-	I	"Cut Nate"
	1	(omen eno ni essenatad om)

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#### STUDAN

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1. Ald to remove of drug store name

2. Advertises

3. Rominder

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Acceptable slogans

Noston's busiest drug store) Boston's oldest drug store ) of the drug store

Bostonis largest drug store) Superlatives encourage from advertiging

amodosler room as rear as

Camera center, too

The family drug store The drug store with delivery service

# Questionable slogans

Perfection in pharmacy
Just what the doctor ordered
Triple check pharmacy

#### Undesirable slogans

See our prices before you buy elsewhere You've tried the rest, now try the best We lead, others follow Where the best is none too good

#### Some legal aspects of slogans

1. A slogan may become property through long use

2. Slogans cannot be registered

Earlithing lot Trees of Fire of the

#### Limited or short-term slogans

For a product: The right pen for write time For the store: Boston's newest drug store The family drug store

Cassionable slogens

Forfestion in phairiser but what the doctor ordered Triple check pharmacy

anagola alderitable

See our prices before you buy elsemberd You've tried the rest, now try the best to lead, others Tollow Where the best is none too good

Sons legal aspects of slogars

1. A slegan may become property through long use 2. Sleguns carmed be registered

Limited or short-term alogana

For a product: The right pen for with that

#### FINANCING A BUSINESS

What Is a "Business"?

Undertaking producing a profit is a "business"
Undertaking producing no profit (and no loss) is a "job"
Undertaking producing a loss is an "undisclosed charity"

Availability of Outside Financial Assistance

Business men will finance a business Friends may finance a job No one wishes to finance an undisclosed charity

Financing Involves:

- 1. Cash (own savings)
- 2. Credit
  - a. in the form of cash
  - b. in the form of merchandise and equipment
  - c. in the form of services

Credit

Another word for trust Trust is the basis of all credit even when law favors the lender

Business credit is based upon the borrower's

- 1. Capacity to repay in the future
  Determined by
  - a. Past record of success
  - b. Information forecasting an ability to repay
  - c. Capital, other than that to be advanced by lender
- 2. Intention to repay

Determined by

- a. Writings
- b. Past record of honesty and success
- c. Character of borrower as judged by lender

Classification of Business Capital

- 1. Fixed capital-about 10% to 15% of annual sales
- 2. Working capital-about fifteen days' average sales

Nature of Fixed Capital

Nature of Working Capital

Types of Financing

- 1. Opening finance
- 2. Operating finance

Why opening finance is difficult to obtain (see chart)

General Rules for Types of Financing (All other things being equal)

- 1. Borrow as little as possible for opening finance
- 2. Borrow as much as possible for operating finance

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Wednesday and filery a principer a "Cusiness" "dot" s at (eacl on has) filters on waterbong gable robal "wirede beselvather as at saol a gatostore gatherment

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#### Manneing Towolves:

- Cash (own saving)
  - J. Liberto

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- 2. Moriding capital-schout iff can days sverage sales

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Type s of Pinancing

- 1. Opening finance
- 2. Operating Cinance

Thy opening finance is difficult to obtain (noe obset) General Rules for Types of Financies (All other things being equal)

- 1. Forrew as little as presible for opening lineanou
- 2. Borrow as much as possible for operating finance

#### Problems of Opening Finance

1. Determination of profit and that amount of salary which can be spared during life of credit for repayment with interest

2. Finding true interest rate when it differs from stated rate True interest rate is increased over stated rate by:

Interest deduction from proceeds of loan

Installment repayments

Special loan fees

Minimum deposit requirements

- 3. Subletting space or department as a source of income problems
- 4. Financing through wholesaler
- 5. Paying former owner out of sales

#### Operating Finance

#### 1. The Perfect-Business Formula

An established business can use credit and skill alone to produce a profit. No investment in merchandise inventory is necessary. The formula:

1. Buy merchandise on credit

2. Buy only that amount which can be sold in the credit period granted when merchandise is purchased.

3. Mark up enough to cover all expenses and profit

4. Sell for cash

When the bill for the merchandise must be paid, the cash from sales is available.

In practice, the formula is never completely successful, but it is, nevertheless, a good working rule.

Some of the slack or deviation from formula (except from step No. 3) may be taken up by the next step, No. 5.

5. Use working capital or borrowed money if sales income at end of credit period is insufficient to meet the bill.

#### 2. Taking Purchase Discounts

A profitable practice even if money has to be borrowed to take the discount.

Reasoning: Figure the discount as though it were interest received.

Problem: Is it profitable to borrow money at 6% interest to take a discount under credit terms of 2/10 N/30 on a bill for \$500?

Observations: The 6% interest is an annual rate.

The 2% discount is offered for paying 20 lays sooner than compulsory payment date

(Bill must be paid in 30 days
Discount, if paid in 10 days
Discount is for pay 20 days sooner
than compulsory date)

Calculations: Bill for \$500

2% disc. 10

\$490. must be paid in ten days if discount is to be received. (Borrow and pay bill on last or tenth day)

Borrow \$490 for twenty days at 6% and pay vendor.

(Compulsory date for payment is still the same, but now the payment will be made to the lender rather than the vendor)

Interest on \$490 at 6% is \$29.40 for one year

Determination of profit and decomp to deliver to deliver and the apare during like of credit for repayment with interest

2. Finding true interport note when it differs from stated rate True interest rate is intreased over stated rate by: Interest deliction from proceeds of loan

Installment Propresents

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#### Operating Finance

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last or tunth day) Borrow that for twenty days at 65 and pay vendors

(Compalment date for payment in a d like frompro and mer lud conce to the lander rather than the wester)

Discount amount received \$10.00
Interest paid 1.64
Profit from transaction 8.36

CHES OF P. LESS OF PROPERTY.

as Destinated timesey

If full \$500 was borrowed for thirty days (rather than \$490 for twenty days), the profit is \$7.50

Discount amount received \$10.00 interest paid 11.5b

If full \$500 was borrowed for thirty days (ther than \$50 for twenty days); the profit is \$50

#### TENANCIES AND LEASES

Tenancy is the relationship between landlord and tenent Lease is a written contract establishing the tenancy.

Common types of business tenancies 1. Tenancy at will
2. Tenancy for years

- 3. Tenancy from year to year

Characteristics of each of the above types of tenancies

General Cautions for a druggist tenant

- 1. Avoid a binding lease until professional licenses are assumed
- 2. Seek legal assistance before signing a lease
- 3. Never assume open-end liabilities in leases
- 4. Avoid certain criminal acts which will allow the landlord to cancel the lease

- Terms of a lease in general 1. A contract may contain any terms not themselves illegal
  - 2. Form leases

Specific lease terms

- 1. Duration of tenancy
  - a. Entensions

  - c. Assignments
    d. Subletting
    Rent
- 2. Rent
  - a. Fixed rental
  - a. Fixed rental
    b. Percentage of sales or income rentals Types
    Problems

- 3. Use of premises
  - a. Stated use
  - b. Deviation from stated use
  - c. Illegal use
- 4. Fitness of premises for a particular use
  - a. Caveat emptor doctrine
- 5. Obligation to make repairs
  - a. By landlord

"Keep in repair"

"Make repairs"

Does "repair" include "rebuild"?

Extent of repairs

b. By tenant

Forms of waste: permissive, voluntary Does "repair" include "rebuild"?

Let Cale tagging latter, spiles, side

on a resemble managed or the title to right out the

- 6. Covenant against competition7. Obligation to provide utilities
- 8. Ice and snow covenant
- 9. Insurance
- 10. Miscellaneous

Tenancy is the relationship between landlord and tenant Leve is a written contract ostablishing the tenancy.

Common types of business tangenties

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2. Tunney for years

3. Tonancy from year to year

Characteristics of each of the above types of tonnacies

Conversi Contions for a druggist tenund

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3. Mover regard open-und linbilities in lerses

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Speed the least turns

1. Duration of tanney

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d. Subletting

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b. Percentage of soice or income rentals

Types

3. Use of premises

as Stated use

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Does "reprir" include "rebuild"?

Extent of repairs

drugned val ad

Porms of waste: possissive, voluntary

6. Covenant against competition

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Incavou more but es! .!

9. Insurance

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#### Subdivisions of the subject of fixtures

- I. Investment in fixtures
- II. Law of fixtures
- III. Arrangement of fixtures

#### I. Investment in fixtures

New fixtures average from 10% to 15% of annual sales,

Observation: Largest business has smallest investment in fixtures,

Smallest business has largest percentage of annual sales invested in fixtures.

	Investment		
Acroal Sales	as % of annual sales	in average days; sales	
Under \$25,000 \$25,000 to \$50,000 Over \$50,000	15 % 12.5% 10 %	55 days' sales 46 days' sales 37 days' sales	

Investment in all fixtures (or any specific fixture) is based on the rate of depreciation which the markup for the store (or the department) can absorb.

Ex.: For all fixtures of a drug store (Adv., sign, front, fixtures)
Fixture depreciation rate: 1% of average annual sales
Life of fixtures: 15 years (average)

15 years x 1% :: 15% of average annual sales invested in new fixtures of the store

(Notice that it is assumed that annual sales are reasonably constant or that a 15-year average figure is used for annual sales.)

Ex.: For soda fountain fixtures

Fixture depreciation rate: 2% of fountain sales
Life of fountain fixtures: 10 years (average)
10 years x 2%:: 20% of average annual fountain sales
for new fountain fixtures

New store investment in fixtures

Estimate long-term average annual sales and use from 10% to 15% of this figure for fixture investment.

To exceed this amount is to decrease profit, for the excess must be paid by owner of business rather than by customers through depreciation amount included in markup.

Buying fixtures as part of an established business

If business is profitable, set maximum fixture value at replacement cost plus installation cost plus small premium.

#### II. Law of fixtures

Situation: Landlord owns the real estate
Druggist tenant brings on and possibly attaches fintures to
real estate

Question: Does the landlord acquire ownership of the fixtures?

May the tenant remove them when he moves?

General Solution: A written agreement between landlord and tenant can solve all fixture matters.

When there is no written agreement concerning the title to fixtures, the following general rules may solve the question:

 Unattached, moveable fixtures always belong to the person who brought them on to the premises.
 Ex.: Cash register, tables, chairs, etc.

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Investment in firmures

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Investment in all fixment (or any specific fixture) to based on the rate, of depression which the mainty for the store (or the department) bea ab-

but for all fractions of a drug store (Adv., sign, front, fintures)

intrine depreciation rate: 1% of average animal sales

inte of firmress; 15 years (average)

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Exat Call reglater, tables, chairs, etc.

2. Trade fixtures -- those peculiar to a trade -- remain the tenant's even if attached,

Ex.: Soda fountain and carbonator, prescription bench, wall display cases, advertising signs, etc.

3. Realty-those attached fixtures which are usual and are expected to be found on premises offered for lease, These are trule "fixtures" in law, and belong to the landlord upon attachment to the real estate.

Sink, heating system, doors, lighting fixtures, balcony, Ex.: windows, floor, floor covering attached to floor, etc.

#### Miscellaneous

- 1. Failure to remove fixtures during leased time.
- 2. Common law concerning fixtures destroyed by removal.

#### III. Arrangement of fixtures (Drug store layout) Function of fixtures

1, To store, protect, display goods

2. Lend prestige to goods, firm, business

3. To decrease operating expenses

#### Architectural elements

1. Color

Psychology Lighting efficiency and reflection As aid to display As aid to cleanliness

2. Style

Open - closed Modern - period Floor space

3. Size

Function Cost

General objectives of layout

- 1. Customer convenience
- 2, Clerk convenience
- Shopping arrangement
   Artistry

Classification of goods and services from customer viewpoint (To be used as a bacis for layout principles)

1. Demand goods

Those for which there is urgency Customer must come to a drug store to obtain them Exal Professional goods and services Monopoly goods

2. Impulse goods

Those purchased upon impulse, Demand lost if not immediately satisfied.

Ex.: Refreshment, bargains, novelties

3. Staple goods

Those for which there is generally neither urgency nor pure impulse.

Ex.: Steady-demand goods

Planning a drug store layout (One customer entrance)

Divide store space into:

- 1. Rear store (where customers do not enter)
- 2. Front store
  - a. Front section (nearest entrance)
  - b. Middle section
  - c. Rear section

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Architectual elements

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#### Rear section to contain:

1. Demand goods

Prescription department Hostpital goods

Veterinary supplies

2. Long-service departments (to avoid traffic congestion)
Prescription department

Service booths Telephone booths

3. "Free" services (Encourages purchases by users of free services)

Telephone booths

Stamps and P.O. substation

Free checking

Public bulletin board

4. Law located goods

Packaged liquor (Massachusetts)

#### Front section to contain:

1. Impulse goods

Fountain

Magazines and papers

Bargain table

Tobacco

2. Specially features goods (Temporary displays, sometimes)

New line

Currently advertised in newspapers or windows Current events suggested goods

Seasonal goods

#### Middle section to contain:

- 1. Packaged drugs
- 2, Cosmetics
- 3. Baby goods department
- 4. Cameras
- 5. Boxed candy

In any particular drug store, because of local conditions, a line of products may be located differently than is suggested above.

Ex.: Camera department, if extensive, may be in "front section" or at center island if store area is large.

Sections of the front store are not equal in all stores. Thus, a professional pharmacy may use two-thirds of the area for a "rear section" while a merchandising store may use three-fourths of the area for a "front section".

Multiple store entrances for customers may alter considerably the layout, even to the extent of requiring duplications of impulse sections.

#### Miscellaneous layout requirements and considerations:

1. For clerk convenience (few clerks, busy store), fast selling goods may be near central cash register.

2. Aisles wide enough for two with bundles to pass comfortably.

3. Utilize tendency of people

-- to turn to the right -- to turn toward light

4. Related departments adjoining or close

5. Antagonistic-mood departments as far apart as possible

ex.: Prescription and luncheonette departments using same back room to be on opposite sides of the store

6. Non-productive areas as small as practical

7. Face customer when using cash register

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Total you done nate under conde code

8. Doorways and doors Clear view Large

Easy working

9. Lighting

In store

In window display areas

10. Outside advertising signs

11. Window display areas

Type

Size

12. Fountain

Location Size

13. Island counters

Self-service

Clerk service

14. Prescription bench

Open

Closed

Both or combined

w/ herriogs.

15. Back room fixtures

Doorways and doore Walv Tablo Large Sage worlding

9. Lighting orcie al -

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#### BUYING A DRUG STORE

(See: Law, Economics and Business in Buying a Drug Store, A. Ph. A. Journal, pp. 839-844, September, 1937)

#### General:

A drug store business is property - private property.

An owner of private property can place any value he wishes upon his property. So can a prospective buyer.

Types of property

1. Tangible property

a. Fixtures and equipment

b. Stock inventory

etc.

2. Intangible property

a. Accounts receivable

b. Good will (future profit potential)

c. Contracts, including le ase which can be transferred

3. Negative property or liabilities

a, Accounts payable b. Notes payable

c. Judgements or pending legal action

A few drug stores are purchased for non-operational purposes, as for: location

lease

elimination of competition

etc.

These are not under discussion,

The average purchaser of a drug store intends to operate it as a profitable undertaking. In spite of wishes, a purchased drug store may turn out to be one of the following:

 A profit producer
 A job (produces only salary)
 A charity (produces only part of a salary which could be earned working for others)

4. A loser of investment

5. A loser of investment and a creator of added liability.

In 1949 about 70,000 businesses failed or closed. Drug stores were among them.

#### Before buying:

1. Investigate the past of the business

- Forecast the future (consider both personal and business essentials) For business:
  - a. Lease

b. Assets, all types (and liabilities)

Economic, business, social conditions of locality, (Same analysis as is used in finding a business location for a new venture)

Methods of evaluating drug stores

1. "Quick methods" Usually simple formulas using as a start either the sales figure or the profit figure. The soundness of other aspects of the business is left to general observation or reliance upon a belief in "continuation of economic and other institutions". The quick methods are always "plays on the averages." For safety-average the prices of several quick method evaluations.

(Sont Law, Economics and Bustnes to Burday a Drug Ctore, A. Fh. A. Journal, po. 239-844, Bontomer, 1937)

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". menerava ads no avaig" avants are abouted sold ed Nor easiety-average the prices of several quick motion evaluations Methods of evaluating drug stores (contd.)

2. Detailed asset and liability evaluations

Quick methods based upon the average SALES figure

1. Drug store worth is equal to "sales of 100 days" (100 days is 27.4% of the year)

Price may be too high is economics is at boom and ready for a drop. Price may be too low if economics is at depression and ready for recovery,

2. Drug store worth is between 30% and 36% of average annual sales. Reasoning: In an average drug store the assets are:

Fixtures 10% of average sales Stock invent. 16% " " " Good will

Be sure to adjust for economic forecast. Assume no liabilities, or adjust price if liabilities are assumed. Quick methods based upon average annual PROFIT figure Preliminaries:

> Estimate the life of the business under your management -- perhaps by own health, lease, economic conditions, etc. Then determine how many years of profit can be put into investment while you live on salary alone. Theory: New owner takes accumulated profits when he sells the store,

The "profit" figure must come from bookkeeping records and not be a guess of present owner-unless he guarantees profit and allows some of the price to be withheld as a bond,

1. Drug store worth is average annual profit times the number of years of profit buyer has determined. (Average life of drug store under a single management is about five years in the city, and about twelve years in the country)

(Ex.: If the lease is short, say three years, and is not renewable, price offered cannot be three years' profit, for in moving or closing there will be some loss. To offer more than three years' profit, under the conditions, is very hazardous.)

2. Capitalization-of-profits is another way of using the formula above. That is, the profit is treated as a definite, wanted return or earning of the investment.

Reasoning: Investments earn the following rates:

Savings accounts 1 to 2,5% 2 to 4% Bonds 4 to 6% Mortgages 4 to 8% Stocks

In each case only the investment is risked. In business there are many additional risks, as of health, additional losses, legal actions, etc. The return, therefore, should be large enough to cover these risks. Drug store business should produce at least 18% to 20% return on investment if risks are not unusual,

Ex.: Average annual profit \$2,500. Capitalization of 25%. (Profit pays for investment in four years)

25%: \$2,500 :: 100%: X 25X :: 250,000

> \$10,000, the worth of the :: drug store

Nethods of evaluating drug stores (contd.)
2. Detailed seect and limitity evaluations

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Ex. : Average ennual profit \$2,500. Centralization of 29 (Profit pays for investment in four years)

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2.5 eds to distant and \$10,000°

drog store.

If 5 years' profit is to be used as basis, capitalize at 20%

20%: \$2,500 :: 100%: X

\$12,500, worth of drug store ::

Detailed evaluation of assets (and liabilities) method This method can also be called: Net worth method

Bookkeeping formula method (Assets - Liabilities

:: Net worth)

Balance sheet method

Assets and Liabilities method

Formula: Worth of drug store is equal to assets (depreciated) mirms liabilities (which are assumed by buyer)

More specifically: Add the values of:

Fixtures (depreciated) Equipment (depreciated)

Stock inventory (depreciated for obsolescence)

Accounts receivable (depreciated)
Good will (generally one year's profit)

Good will includes:

Name of business

Prescription files (except narcotics.

etc.)

Customer list

Non-competition agreement

Total Assets

Deduct: Liabilities assumed (list specifically those

assumed)

Net worth of the drug store business Equals:

#### Miscellaheous

1. Bulk sales law

2. Authority of vendor to sell: partner, corporate officer, administrator.

Lease, insurance, and other transfers

4. Professional licenses

Payment plans

Workship of componenties

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205 : \$2,500 :: 250,000

X st \$12,500, worth of drug store

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Balance cheet method Assets and Liabilities method

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5. Payment plans

#### INSURANCE

#### General

In economics, a businessman is called a "risktaker"
Risk is inherent in all wealth and property
Risks are assumed voluntarily for the sake of income
Risktakers seek to diminish risks
Types of risks

- 1. Nature produced
- 2. Man-made
- 1. Determinable (statistics)
- 2. Undeterminable
- 1. Non-transferable
- 2. Transferable

Risktaker is willing to surrender part of the income (as premium) to one who will assume the risk for him.

Insurance firms are in business to assume risks for a premium.

Risks assumed are made very specific by the terms of the contract or policy

- Ex.: In fire insurance some of the methods of making the coverage or protection offered very specific are through:
  - 1. Person insured named
  - 2. Place of risk named
  - 3. Type of hazard named (also exclusions, exceptions)
  - 4. Time of protection named
  - 5. Maximum collection rules established

To know exactly what protection a policy offers, read the terms.

Standard Policies

Some insurance contract clauses and terms

- 1. Re-instatement of coverage after loss
- 2. Assignment of policy
- 3. Cancellation and rates
- 4. Subrogation
- 5. Types of coverage; blanket, specific
- 6. Causes for voidance of policy

Illegal acts

Risk enlarged

Fraud

etc.

Types of insurance drug store needs (many other types are available)

- 1. Fire
- 2. Public liability
- 3. Druggist liability
- 4. Plate glass
- 5. Workmen's compensation

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- l. Pire
- ?. Public liability
- 3. Drug ist limbility
  - AROLL STALL
- S. Workman's compensation

Fire Insurance

Reduced rate clause (also called co-insurance clause, 80% clause)

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An 80% clause in a policy means that the insured agreed to carry 80% insurance, either with the insurer of the policy or others. If 50% coverage is taken with Co. A., and its policy has an 80% clause, the insured must buy at least 30% more coverage elsewhere or CARRY THE RISK HIMSELF AS INSURER.

Reason for 80% co-insurance clauses

Collection rules under co-insurance policies

Public liability insurance
Risks of druggist to invitees
Coverage of policy
Premium determination

Druggist liability insurance

Plate glass insurance

Workmen's compensation insurance
Common law
Nature of compulsion to take insurance
Premiums
Coverage

Vire Insurance

Enduced rate clamps (also called co-insurance clause, 805 clause)

AS STATE AND AS A POLICY SERIES that the insured agreed to onergo BOS insurance, either with the insurer of the policy or others. If 50% coverage is taken with Co. A., and its policy her en 80% clause, the insured must buy at least 30% more coverage electrons or CAREY THE MISSING AS INSURER.

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Collection rules under co-insurance policies

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#### COMPETITION

In the broad sense, competition is anything that destroys or diminishes the opportunity to make an income in a business.

Ex.: Laws, religions, customs

In the usual sense, competition is that which takes for itself the money that could have been spent with  $\underline{\text{ME}}$ .

Competition always has an effect upon the PERSON. It is unpleasant because it restrains or hinders one in the exercise of free will and causes interference (real or imaginary) with obtaining a living.

In business:

Competition is a concomitant of freedom for all Scarcity causes competition Competition is rivalry

Competition classified:

1. Outside competition

- a. Economic competition
  All who sell goods or services are competitors, whether goods are same or different.
  Competition is for spendable income of public
- b. Vendors of drug store merchandise Other druggists Dispensing physicians Clinics Newspaper dealers Ice cream vendors etc.
- 2. Inside competition
  - a. Between brands
  - b. Between substitutes (different drugs, same use)
  - c. Between departments

Monopoly, the dream of businessmen Superiority; the goal of businessmen Competition; the spur to improvement Competition, a war with limitations and rules Competition in

- 1. Prices
- 2. Quality
- 3. Services

Most feared power of competitors of druggist is location of competitor. (Most customers buy at nearest drug store. Specialty of one druggist which another does not possess may give some advantage over location.)

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#### Some legal aspects of competition

Free enterprise vs. public health reason for limiting number of drug stores. Monopoly restraint for industry as a whole Unfair competition controls

Price

Minimum resale prices: by statute, by trade mark owner.

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Illegal sales

Meeting fair competition

- 1. Own label (semi-monopoly) products, and other specialties
- 2. Better buying

3. Better selling

4. Better management of finances, personnel

5. Shopper-gained information of competitor actions

6. Co-operative action through associations
Participation in association business affairs

Futility of price wars, when such wars are legal

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Furtility of price wars, when such ward are legal

### BUYMANSHIP

A retail drug store owner buys many types of goods and services. He buys:

1. Fixtures and equipment

2. Use of space

3. Insurance, utilities, services
4. Employee services

5. Use of money (credit)

6. Raw materials for manufacturing

7. Merchandise for resale

A reminder for all types of buying: Customers must pay for everything if business is to be successful.

Only the last two types of buying -- raw materials and merchandise -- are to be considered under buymanship.

Why correct buying is always important in retail pharmacy

1. Purchases are final

2. Demand for products or merchandise is limited in drug field

3. Turnovers are few

L. Risks are many Economic, business, legal, professional, psychological risks

Increasing importance of correct buying

Some retail pharmacy trends that are increasing the importance of correct buying:

1. Decrease of compounding in prescriptions

2. Increase of total sales and overall inventory cost

3. Increase of inside and outside competition

4. Increase in restrictions on sales of drugs
5. Increase in cost of goods sold and/or decrease of margin

6. Inadequate markup allowance on many fair traded items.

Markup allowance based on turnover rate of item, not of department or entire store.

7. Increase in overhead expenses, percentagewise.

8. Obsolesence of materials and merchandise through medical progress. style change, change in laws.

9. Return of a buyer's market

10. Increase in variety of items stocked

# Some classifications of buying

1. Overbuying

2. Efficient buying
3. "Safe" buying

4. Underbuying

1. Business buying
2. Speculative buying

1. Buying for opening stock

2. Buying for established demand

### BIRSHWAREE

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Section to the fee

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- 1. Buying for one outlet
- Buying for a chain
- 1. Individual buying
- 2. Cooperative buying

No single rule for buying .

The classifications above is evidence of some of the variables that arise in buying.

Additional variables are shown to exist from the following general observation:

The community's demands will very largely determine

--quality

--style

--variety, and

--price level of the item purchased

The druggist must determine

- how much (most frequent problem)
- -- where
- -- when
- at what price
- -- on what terms the item shall be purchased.

Some factors determining the quantity to buy

- 1. Past or potential demand for the item Total, rate, and seasonality of demand
- 2. Financial position of buyer Cash and credit position
- 3. Risks that race with the sale
  - a. Natural risks
  - b. Man-made risks

4. Limitations of space, time, help

- Degree of economic stability and its effect on:
  - a. Price
  - b. Supply

- Some operating rules for determining quantity to buy

  1. Whenever possible keep no inventory. Buy as demand ariss. Proximity of wholesaler or quick delivery necessary for success. Ex.: Filling quantity orders for hospital or institution
  - 2. Minimum purchase rule:

Buy that amount which can be sold in the credit period granted. Ex.: End of month billing -- 15th of month -- buy 15-day supply. E.O.M. billing -- 1st day of month -- buy 30-day supply. (This rule is part of the "Perfect-Business Formula" -- See "Financing" notes)

Maximum purchase rule: When in doubt, limit the quantity of a steady-demand item purchased to that amount which can be sold in from ten to twelve weeks. (This allows from five to four turnovers of investment each year.)

1. Buying for one outlet

t. Individual Surface

no single release for burding

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arredy. Lot. Malling - lat day of month - buy

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boundary most businesses as a state quantity of a steady-whenced item rurchmod to think the quantity of a steady-whence which can a sold in iron ten to theles where it involves of involvent each year.)

- 4. Average purchase rule for store as a whole:

  Limit monthly purchases (for entire store and without distinction as to type of goods) to about 67% of monthly sales. The period of budget may be extended to three months or possibly longer, if necessary, but the rule becomes impractical if the period is shortened to less than a month.
- 5. Average purchase rule for purchases by entire store, or departments, when average markup is known.

Keep the inventory-at-cost in the store (or department) as an appropriate percentage of annual sales in the store or the department.

Ex.: For the store as a whole.

Sales 100 %
32.5%
67.5% of sales is cost of goods sold

5 turnovers wanted 67.5% of annual sales in inventory

Ex.: For an average prescription department.

Sales 100 %
55.4%

14.6% of annual Rx sales is cost of goods sold in Rx department

22.3% of Rx sales in Rx inventory
2 turnovers average / 44.6%

Ex.: For the fountain department.

Sales 100%
Margin 40%
60% of annual sales is cost of goods sold

30 turnovers 7 60% annual fountain sales in fountain inventory

When buying a steady-demand item, see if there is a price-break in the unit price for a larger quantity; and if the unit price for the quantity is adequately lower, and the quantity is reasonably close to that which would be purchased by good business rules, buy the larger quantity.

#### SOME USEFUL BUYING MAXIMS

1. Buy for the community, not for yourself.

2. If in doubt, allow a proportionate part of total community demand for an item to competitors. (All things being equal, trade tends to divide itself equally among competitors in a trading area.)

3. Profit lies in the bottom of the package (bottle, purchase), therefore buy so that profit can be reached five times a year for the store as a whole (or thirty times for the fountain, two times for the Prescription Department, etc.)

4. It costs money EVERY DAY to heat, dust, light, handle every item in the store.

(The druggist, and not the customer, must pay for this expense when it accumulate beyond the amount included in markup.)

Average prohise rule for store as a whole to desinote a store as without distinction as to light a monthly perchases (for such as store and without distinction of budget as twee of twee at some a store of three months or possibly longer, if necessary, but the period is shortered to less than a month.

Mosp the inventory-at-cost in the store (or department) as an perspectate person tage of annual sales in the store or the department.

Ex.: For the store on a rhole:

Sales 100 3 12.5% of sales is cosb of goods sold

13.55 of manual sales in inventory

Exat For an average prescription department.

Sales 100 %
See La See and See

22.3% of AM sales in in inventory

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ches buying a standard lice, see if there a price breat in the cast price of the quantity is a price for the quantity and the quantity is reasonably close to that which would be purchased by good butiness rules, buy the larger quantity.

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If in doubt, allow a propertional, part of total community demand for an item.

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5. Fresh stock sells better.

Frofit comes from selling, not from buying. 6.

Turnovers without profit may keep you busy but will not enable you to succeed. How you attract customers is how you keep them. 7.

8.

Buy from two wholesalers. 9.

Buy goods -- for you sell goods. Don't buy discounts, profit, margins, 10. display cabinets, "friendship", "prestige", etc.

Bullatyprocity and an arrange

- Fresh stook sells bettere
- Frofit comes from sulling not from buying.

  Turnovers without profit may keep you busy but will not enable you to succeed.

  How you attract oustomets in how you keep them.

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  - Buy goods for you sell goods. Dea't buy discounts, profit, margins, display asking "friendship", "greatige", etc.

MANAGEMENT	# <b>47</b> 6	Name(print)		#
years.	How large a copie. support a prowhat percentage of in the average drug what is the life (Life under one	acies by the Am.Co average number of ed States? clietele is consid escription pharmac annual sales is d gstore? span of the avera ownership) pharmacy retail ou e in the United St	llege of Appropriate per people per ered necessary in the U. ue to prescribe ge city drustlets are tates?	othecaries? drugstore ary to S.? riptions gstore? here for
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Use of of Number of Exclusive	business life under corner location for of wholesalers used we merchandise agen of rent paid	the drugstore as suppliers		
graded. It cost-distrifuture qui	pay for each of expenses? If y fill in the rig	ermine your present ore. This same que ded. in your drugstore arest full hundred the following drug ou can think bette hthand column rath Perce sales	t concept of stion will reach \$86, dollars) wastore cost or in percenter than the ent of to the est full	appear in  000., how  ould you  s or  tages,
86,000.	1. Annual sales	100 9	5	
¢	2.Cost of the goo	ds sold	%	
\$	3. Proprietor's sa	lary	%	
8	4.Employees' wage	s	%	
\$	5.Rent		%	
\$	6.All other expen	ises	%	
\$	7.Total expenses (	Items 3 thru 6	%	

8.Net profit ...

hat percent of the untion's drugstores are classed as rofessional pharmacies by the im. College of Apothecaries? that is the average number of people per drugstore sin the United States?  Yow large a clietele is considered necessary to ale. support a prescription pharmacy in the U.S.? hat percentage of annual sales is due to prescriptions the average drugstore?  What is the life span of the average city drugstore?  (Life under one ownership)  How many non-pharmacy retail outlets are there for each drugstore in the United States?	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0
drugstore EXCREDE a city drugstore in the matter mentioned	tro compty
square	ed J at IIF
usiness life under one ownership  rner location for the drugstore wholestlers used as suppliers merchandise agencies maintained rent paid	Use of co
nution in a drugstore. This same question will appear in send will be graded.  If annual sales in your drugstore reach 98,000, how much (to the hearest full handred dollars) would you pay for each of the following drugstore costs or expenses? If you can think better in percentages, fill in the righthand column rather than the amounts.  Fill in the righthand column rather than the amounts.  Percent of per	man Anna
1. Annuel sales	.000.281
e.cost of the goods sold	
3. Proprietor's salary	3
4. Pmployees' wases	1
5.Ront	
6.All other expenses	
7.Total expenses(Items & thru 6	
8.Wet profit Jilorg JeW.8	

MASSACHUSETTS COLLEGE OF PHARMACY Name (print)
7-rm examination, November 9,1949 MANAGEMENT 476
For each drugstere average named below, select the figure that most closely approximates the U.S., 1948 average, as revealed by the
most closely approximates the U.S., 1948 average, as revealed by the
Lilly Digest. (Fill in SOLID and NEATLY the square before the figure.)
(1.) Cost of merchandise sold:
61.1% of sales
65.2% " "
T 67.48 " "
(2.) Proprietor's or manager's salary:
5.4% of sales
6.9% " "
7.2% " "
(3.) Employees' wages (excluding proprietor's or manager's salary):
9.6% of sales
10.1% " "
12.4% " "
(4.) Rent:
5.2% of sales
3.0% " "
T 2.5% " "
26.3% of sales
37.6% " "
54.6% " "
76.)Net profit:
6.3% of sales
7.5% " "
10.13 " "
What percent of U.S. drugstores are -
-"Professional" (Prescriptions are major portion of sales) ?
1%
5% (Select one figure)
- Commercial ?
99%
95% (Select one figure)
-"Specialty" (Ex: Homeopathic pharmacy)?
1.05 (Select one figure)
The state of the s
3%8
As an average, how large a population is necessary for the success
of a -
-Commercial drugstore?
2,000 people
3,000 people
5,000 people
-"Professional" drugstore?
10,000 people
20,000 people
50,000 people
-Homeopathic pharmacy?
50,000 people
1.00,000 people
500,000 people
How many nonpharmacy retail outlets are there for each drugstore
in the United States?
15 very secretary atom that burkers there are a doctors
25 the forms not retake your secondary the parest of the together again.
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Name (print)	MASSACHUSETTS COLLEGE OF PHARMACY
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MANAGEMENT 476 Name(print) #
What intangibles would you seek in a person you intended to hire to act as a "contact man" (receives and delivers prescriptions to
customers but does not fill them) in a prescription pharmacy?
Select one of each set of characteristics.
Age: (While unnecessary, you may if you wish give your reason.)
Young
Middle age ( Elderly (
Action: (
Quick (
Deliberate (
Slow (
Personality:
Pleasant (Neutral
Reserved
Sales talk: (
"Emotional appealer" (
"Scientific appealer"(
"Price appealer" (
Which of each pair is more appropriate for a prescription department of a pharmacy? (If you wish, give reason.)
1. Silence
2. Compounding noises
1. Display of code of ethics
2. Display of beautiful antique mortar and pestle
1. "Drugstore odor"
2. Odorless drugstore
1. "Thin" window display 2. "Mass" window display
Which of each pair would generally be a better index of sales
potential for a proposed drugstore? (Explain, if you wish.)
1. Types of homes
2. Number and types of retail outlets
1. Newspaper issued statistics 2. Chamber of Commerce statistics
3. Drug wholesaler issued statistics
Which of each pair of "business" neighbors would, in general, be
a better neighbor for a commercial type drugstore? (Explain if you
1. Theatre(movie) wish.)
2. Church
1. Real estate office
2. Shoe repair shop 1. Tavern
2. Billboard
For management purposes which of the following are more important
as percentages-of-sales than as dollar figures?
1. Sales
2. Rent
3. Proprietor's salary(your salary)
4. Cost of goods sold 5. Insurance
6. Profit
7. Employee wages
8. Margin
In an isolated town there are two drugstores the owners of which
are very secretive about their business figures. There are 3 doctors
in the town. How would you determine the percent of the towns
prescriptions that are filled in the X pharmacy in which you work and which you intent to buy soon? You are the pharmacist in X drug
store. (ANSWER ON THE REVERSE SIDE.)

Mane(print)

Listanglbles would you seek in a person you intended to hire to act as a manntact mann (receives and delivers prescriptions to castomers but does not fill them) in a prescription pharmacy? Select one of each set of characteristics. (While unnecessary, you may if you wish give your reason. Monne sas albbit Elderly ction: Molow Deliberate WOIR Personality: Pleasant LETJUST Reserved PALEJ "Telseggs Innoltom" "Solentific appealer" wreles appealers "alch of each pair is more appropriate for a prescription department it's pharmacy? (If you wish, give reason. 1. Silence Compounding noises code of ethics Display of of besutiful actions mortar and postle Pringstore odore Odorless drugstors valuate weenly "nid" velgelb wobhiw "dear". which of each nair would generally be a better index of sales. potential for a proposed orugatore? (Explain, if you wish.) Types of nomes number and types of retail outlets Chamber of Commerce statistics Drug wholesaler issued statistics nich of each pair of "bushmass" neighbors would, in general, be better neighbor for a commercial type drugstore? (Explain il you (Melw ... (sivom) and men'T Real estate office Shoe repair ahon HISVET Billboard management purposes the fire tollowing are more important Treingil islico es nod selen-lo-regainerre Rent (vasise mer) vasisa e'rojoingers) blos sbook to tuch Insurance JETOTE. Panloyee wages B. Margin In an issisted town there are two artistores the owners of which are very secretive about their business figures. There are 5 doctors in the team. How would you determine the percent of the teams prescriptions that are filled in the X sharmacy in which you work and which you intent to buy soon? You are the parmacist in x dru

MANAGE	MENT 476	Name	#
which o	of the follow	ing statements concerning financing,	are generally
	(Fill in the		
		er one receives income from such th	ings as salary.
_		ntory appreciation, interest, and p	
		oyee receives only salary.	
F12.		t is figured on the available money	for use for a
	full year.		101 000 101 0
-75.	fore than ni	nety percent of U.S. business is do	one on credit.
-	The Till Inches of the	and make the management of and doctors at	
	Cost of deli	very truck repairs is an example of	use of working
	capital.	very truck repairs is an example of	de of working
	C. C. S. M. D. C. S. M. A.	scription balance is an example of	
	capital.	Solipoidi balance is an example of	dec of working
- 7 7		ing himself a salary for work done	in his own business
		old of use of venture capital.	In his swift business
70		mey used to enable sales on credit i	is an avamala of
0.			is an example of
		working capital.	hut tales as at ale
9.		a risk in advancing risk capital,	out takes no risk
		ng working capital.	
		es increase with increase in risk.	
		ring elements make up the "perfect h	ousiness" formula
		s are equal in any comparison)?	
		ttle as possible.	A. The Landson Bridge
		ich as possible.	THE REAL PROPERTY.
1_13.		is enough to cover cost, overhead bu	arden, and some
	profit.		
		ch amounts as can be sold in the cre	edit period.
		is(for resale) on credit.	
6.	Sell at fair	trade minimum prices.	
1 7.	Borrow money	trade minimum prices. to take discounts if there is no w	working capital.
8.	Sell for cas	sh.	and the law with the second
1 9.	Reinvest all	profits.	
Tho.	Keep employe	ee wages at a minimum.	
	List the n	numbers you have selected above in c	chronological
	order (as f	found in the formula for "perfect by	usiness").
			2015
		and transit the board transit transit transit to	To be desired to the
Thich	one of the fo	ollowing reasons best describes why	opening finance
		cult to obtain?	opening 1 minute
		past experience to prove the busine	ess will be a
1	success.	past experience to prove the busine	CDS WILL DE A
1-70		making small loans is high.	
		ital is used largely for fixed asset	te
1 1	Die haadnee	s uses up most of the available fund	do.
Totab.	of the failest	ving statements are true? (Fill in	for "Prio"
		consists of a promissory note and a	
		store business has 4 turnovers a year	
□ 0.	rercentages	cannot be accurately compared unles	ss they represent
1	equal amour	nts and equal time both express	interest rates.
4.	During wart	ime shortages of goods sold under 0.	.P.A. prices, most
		ffered no discounts for early paymen	
		ents or loans come out of savings me	
6.		our economic institution of private	
980	men must ha	ave either cash or credit to acquire	e goods.

THE PERSON NAMED IN

nick of the rollowing statement page raing flamening, are genera (. w.urs ons hi flis) family. 1. As on condayer one receives income from such trings us salary, profit, hav nearly oppreciation, interest, and possibly others, but an employee rec. tyes only sclary. n tol usu tok vance blockeve and no paregir alter dni ur tend than ninety percent of W.S. business is done on cruit. .ofor terrotal legal mimizon and eyon secution like and stow to haw to lowers as an extended for your your of working ablates le sur le sign et an el senaled meldetabaste a valend paying himself a salary for work done in his and business . Instead ordiner to Law he eighten. An element an el dibero ag esine oldeno of bem your borrent. visiton animow to see and ). A back takes a risk in advending risk o pital, but takes no risk in advanging working on ital. 10. Interest rates increase with increase in risk. all other foots are court in any comportuon)? . sidiasen as elijii an werres . I Burrow as much as possible. . Mark up goods though to cover bast, overhead burden, and name a. Buy only such amounts as one be sale in the credit period. 5. Acculte goods (for resule) on credit. . Corrow makey to test discounts if there is no working canical. B. Sell for cash; . Munician r Justspawagovolome oper . List the numbers yes have selected above in chromological (Manufacid Jos Page Tole Singer) and al. baue t an) aspac none of the following reasons base describes way opening finance Salido of finefillb vilerence There is no past experience to order the business will be a . The cost of medding small loans is high. opening that is used in gely for fixed pusets. partness uses up more of the nyellanle funds. . A mortgage consists of a promissory note and a deed: . They a suspended a sen asentand oredeputh book A Parcentages cannot be accurately compared unless they represent sound amounts and equal time will note express interest intes). Puring wartime shortages of good sold under O. P.A. prices, most involces offered no discounts for carly payment. . once to share salves to Juc. once sand to strates will in. U. Recause of our occassic institution of private property, business men must have sither cash or: oredit to acquire goods.

Wame .... ASSACHUSPEPS COLLEGE OF PHARMACY emester exemination, January 17, 1850 Manager 376 The wants of customers determines a drugstone's inventory. Best cuplity goods and good salesannship will sell anything Stock what your competitor carries. Locate your drugstore farthust from a competitor. Locate your drugstore where rest is cheapest. Locate your drugstore mearest your eustomers. -ody one is neighbor is one who-1. - advertises the most. 2. - has good lighting, good displays, and keeps long hours.

3. - has most people calling at his establishment.

... moment the following conditions have occurred, doce a tenancy--youngel" wot in flit) tesses griwelled and to mean in text Ill (. "ejetas Illy I. A pruspective purchaser of a drugstore saw the lease term of the old owner. There was 4.5 years unexpired. The old owner orally guaranteed the new owner would have this much time before having to make a new lease. The drugutore was purchased by the new owner. The Leese contained a clause forbidding assignment. A tenent pays the regular rent (for the 6th consecutive month) efter his louge has expired. A tenant sold liquer illegally and was convicted. The tanant's lease forbede the use of the previses for any illegal use. The case has 6 years of its term unexpired. The tenant and, and accepted a 7 year lease on Sunday, The landlord, one month later, gives notice to the tenant that no concers the lease because he did not know of the Sunday contract -of visigila a is no wate of themas and wells life and a wal . Laimon Dessore tenancy created with tenant A was orally agreed to last for In years, but through oversight, the 10 years was not mentioned in the less. To nant A sold the drugs tore to B and assigned the I as to B. Toment B has just made the 6th monthly rental. The right coverant is an ind pendant coverant. in ryletion by the landland is a defense in an action for rent. A lease term to use the promises wine a retail drugstorem stops the tenent from using the promises exclusively as a rectaurant, a landlord any, without affecting the lease, shut off water as a menus of enforcing to payment of back rent.

5. A tennut takes the presises under the "grount emptor" doctrine. a tenant at will is enswere at only for permissive waste. . necessing or limited to restoration to status quasconditions. A lendlord may be a subtenant (tenant of the tenant). land) and sid od gam baclboal A lendlord who agrees to make repetrs has no obligation to make periodic inspection to determine the need of repairs, A landiord presents the covernat of quiet enjoyment by prolongel, noisy regulating. "hen no number is specified, a covenant to grant "renewals" expires after the second renewal of the learn. Any tenency may be terminated for non payment of rent by a written notice of 14 days. As wice and snew coverent generally imposes the duty of removal upon the tenant. act socimong and at decreate interest in the premises for fire insurance purposes.

MANAGEMENT	476	Name	#
At the end capital. The \$1850. for yould the d	of the month a demerchandise in the month. The druggist be using	druggist finds he havoice from his mai invoice carries ter	igment if he borrowed
\$	amount earned	d by borrowing to	take the discount.
Show all f	for as small a	an amount as possi	bank when borrowing is ble and for the shortest space below.)
	,		
		,	
following 1	e true interest pertinent terms: . "Principal sum . "Interest of 6	rate paid when the of \$400." % shall be paid at	loan contract has the the end of the year."
	. "Repayment of		made in two equal instal and the second on Dec.31."

Show all figuring, clearly labeled, in the space below.)

end of the month a aruntist That he has no unoccupied working od. for the month, The invoice carries terms of 1/5 N/30. In the druggist be using good business judgment if he borrowed. Simpos his bank at 87 to take the discount? amount earned by borrowing to take the discount. . emount of interest paid at the bank when borrowing is for as small on enount as possible and for the shortest time necessary. show all flouring, clearly labeled, in the space below.) and ear Josefino and end make bing oder Jaseonthi burd and al ded .collowing pertinent teres: 1. "Principal sum of CACO." E. "laterest of 6% shall be peld at the end of the year."

5. "The lean period shall be one year."

4. "Repayment of principal shall be made in two orugi instalments, the farst on June 30, and the second on Dec.51." is the true interest rate in the problem above. Sion all figuring, clearly libeled, in the space below.) --

MANAGEMENT #476 Name #	
Butler purchased a drugstore having average annual sales of '	
\$48,000. The fixtures were unusually unsightly and inefficient and	
were carried on the books at \$1. Butler wants to know how much the	
tusiness can afford to invest in complete remodeling. There is an almost certain expectation that a clean, bright drugstore with new	:4)
fixtures would increase sales by 12% in this case.	
.Ixoures would increase sales by Ing in this case.	
Your estimate of maximum allowable remodeling costs.	
(Show figuring clearly LABELED.)	
TO A THE PERSON OF STREET STREET, STRE	
The state of the s	
The purpose of the state of the second state o	
Carrie Systems	
10 10 10 10 10 10 10 10 10 10 10 10 10 1	
When no written or other agreement exists, which of the following	-
attached pieces of equipment installed by a pharmacist upon leased	
premises may be moved when he leaves at the termination of his lease	?
1. Soda fountain	
2. Neon "Drug" sign	
3. All-glass door 4. Carboy holder and tip	
5. Dish washing machine	
6. Sink	
In a drugstore arrangement for merchandising, which of the following	
departments should be at the front (F) (nearest the entrance) and whi	ch
at the rear(R) (farthest from the entrance)?	
1. Magazines 2. Bar candies	
3. Ice cream service tables	
4. Telephone booth	
5. Cogarettes	
6. Bottled liquors	
7. Hospital supplies	
8. Baby goods 9. Veterinary medicines	
10. Greeting cards	
For an average urban drugstore, which of the following of the pair	
of rules would you consider more useful generally?	
1. Compact arrangement	
1. Spacious arrangement	
2. Functional arrangement 2. Beautiful arrangement	
3. Counters on one side	
3. Counters of both sides	
4. Mahogany coloring	
4. Blonde coloring	
5. Open backed display windows	
5. Opaque backed windows 3. Self service island counter	
6. Clerk service hollow island counter	
7. Fully open prescription department	
7. Fully closed prescription department	

to teles in purchased a dragatore bowles everage communication tes,000. The fixtures were unusually unsightly and inefficient and mers carried on the looks at 11. Butler wants to know how and the usiness; can afford to invest in complete-ramodoling, There is an Those serials expectation that a clean, bright drugstore with new ixtures would ingrease soles by 124 in this onse. Your entired of meximum all oweble remodeling costs. (Once liguring clearly LABELED.) gatwollel and le delet, elaixe jacabarge reale to neithry on said to sail none delocated o vo beliated themation to sools beloate Togather may be moved when he leaves at the terrinetion of the Lace? L. Soda fountain 2. Ween, "Drug" sign 3. All-glass door dra sus assist accurat 5. Dish, washing machine a drugatore arrengement for merenancishng, which of the following Reportments should be of the front (F) (nearest the entrance) and which the rearing (forthest from the entrance)? Magazines. 4.53 asibene are 8. Tou croum service tubles Talephone booth Cognrectes Tottled liquors Hospitel supplies Teby goods contains value of Greeting cards alog odd lo galvollot edd to doldw erodegurb modu egarava o rules would you donaider more useful tenerally? Concent divergement inchigant nerungement Bonutiful arrangement ounders on one side Countrie of both oldes gaireles vangener .P Blonds coloring Open backed display windows Opaque backed windows dell service island counter lerk service hollow island counter Eally open prescription department ly closed prescription decorracat

MASSACHUSETTS COLLEGE OF PHARMACY Na me#
Term examination, March 15,1950 (page 1) MANAGEMENT 476 In the absence of contract terms establishing the ownership of the
following items brought upon and attached to the premises by a tenant,
which items belong to the tenant and may be removed by him when he
vacates the premises? (Fill in for "This item may be removed by tenanty)
1. Soda fountain and carbonator (latter located in the basement).
2. Glass enclosed display windows.
3. A balcony built to house the prescription department. 4. A tile floor.
5. An emulsion machine, bolted to the floor.
6. An all-glass front door. (Old door to be replaced.)
7. A duct-type airconditioning system.
8. Fountain service-booths and tables.
9. A neon advertising sign attached to outside wall.
10. Wall cases which are attached by bolts and screws and nails.
From front to back, what are the three sections of a drug store called
(for purposes of drug store arrangement)? 1. goods section.
2goods section.
3. goods section.
When the general rules of drug store arrangement are applied to an
average drug store, which of the following departments are located in
the area farthest from the entrance? (Fill in for "located in the rear".)
1. Prescription department.
2. Magazines and periodicals 3. Bottled liquors (Sold under a "Drug store packaged goods licenset)
4. Cameras and supplies.
5. Soda fountain.
6. Veterinary medicines.
7. Telephone booths.
8. Fountain service-booths and tables.
9. Boxed candies.
10. Hospital supplies.  Must the owner or owners register under the "True name statute" in
each of the following instances? (Fill in for "Must register real name".)
Brown's Pharmacy - owned by Jones and Brown.
Smyth Drug Store - owned by John Smith.
M. Hill Apothecary - owned by divorcee, Mrs. Martin Hill
London Prescription Laboratory -owned by P. London Wilson.
Concerning "cost of fixtures", what is "average" for the average
drug store in each of the following? (Use a single figure rather than a range in each case.)
percent of annual sales goes to depreciation of fixtures.
percent of average annual sales determines the total value of
fixtures which the business can afford.
years is the life expectancy of all fixtures (combined).
As soleowner, a druggist, on the basis of operating figures of a very
successful past, purchased fixtures much too expensive for current
and future needs of his drug store. He nevertheless insists on staying in business. Since the depreciation must be met annually, which of the
following items must now "pay" the depreciation expense - in order -
until the full amount is "paid"? (Number the applicable items of the
following list in the order in which they are used up in the payment
of the annual fixture-depreciation expense.)
Profit
Owner's equity in the drug store
Workers' wages Overhead expense allocated to depreciation
Owner's salary
Equity of the owner in his home
Taxes

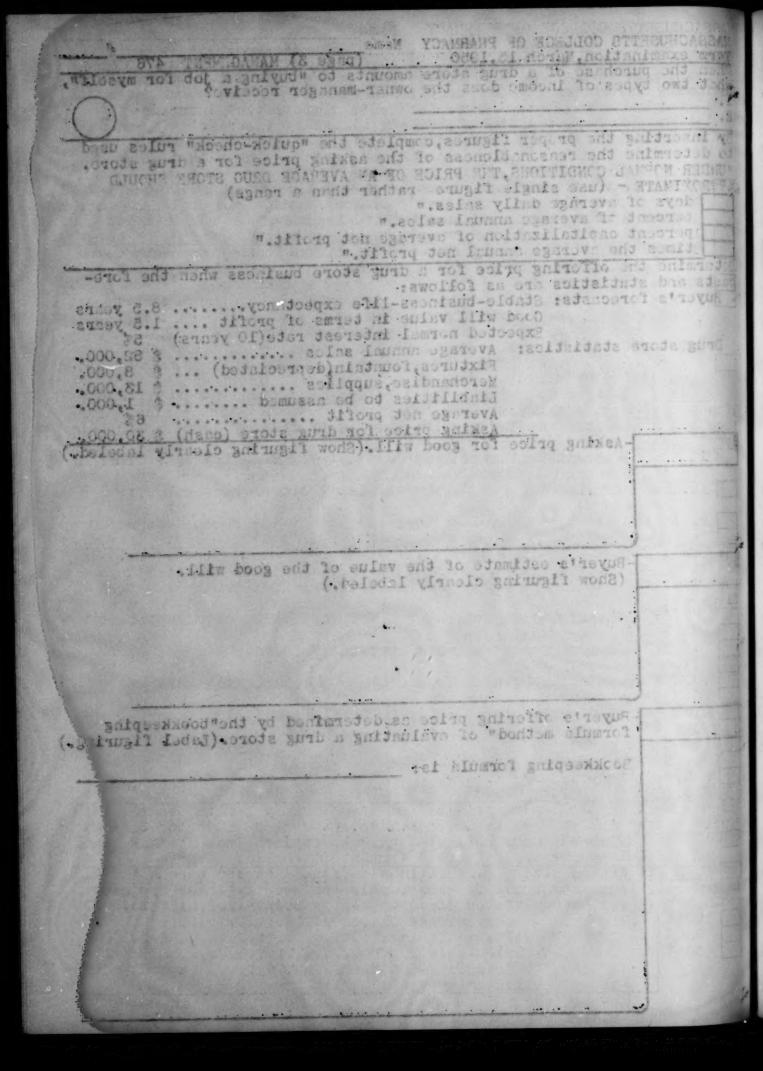
AM OF TANKAHA TO SO LLOS PATERINARY arm examination, March 15,1950 to cineratwo end animal dastes amos spension to commede and in intloving items brought upon and attached to the premises by a tenant, which diems belong to the tenent and may be removed by him when he vectors the premises? (Fill in for "This item may be removed by tenanty); . . (Insmered and of being of the parent) . . . (Instead of the basement) . . . 2. Glass enclosed display windows. ... A balcony built to house the prescription department. tile floor. in caulsion machine, bolted to the floor. in all-glass front door. (Old door to be replaced.) . A duct-type airconditioning system.

Fountain pervice-booths and tables.

A neon advertising sign attached to outside unil. "ill cases which are attached by bolts and screws and nails beiled erote gard a to enolige early end one that ators called ?(J.menaguoras arcia gurb ac casequuy ant goods section. goods section. Modus dection he general rules of drug store arrangement are applied to an average arms store, which of the following departments are located in format from the entrance? (Fill in formivented in the rearm.) Prescription department. Wagnainen and periodicals Sottled liquors (Sold under a Thrug store packaged goods licenser) Congres and supplies. Sode formteln. .Voterinary medicines. Telaphone booths. Fountain service-mooths and tables. Boxed candles. . . . sellegua Indicac. al "sjutate ener out" and raphy telegat crame to tame ollowing instances? (FAll in for "Must register real name".) rown's Pharmacy - sened by Jones and Brown. myth incu Etors - oward by John Smith. .. Ill apothecary + owned by, alvorees, Tra. Hartin Hill dom Wrescript on Laboratory -owned by P. London Filson. need redier soughl signia a sell) Syntwollor ont to done of CORRECTION OF STAN company of dinary saiss goes to depreciation of fixtures. to outsit interest of every sules detersines the total viduo of electric which the business our efford. vion a to sorugil gailymont to stand and no , Janggurb a , temperor successful wet purchased fixtures much too orponsive for ourrent and luture needs of his drug store. He nevertheless insists on strying items must now "pay" the depreciation expense - in order and it email elections and reduced (Number the applicable liens of the fall owing list in the order in thick they are used up in the payment . (.pamaga notiniongeb-srutal ispans and Owner's coulty in the drug store SSAUW 'STEATO' reining and allocated to depreciation vanIne. oned ald at roassound to

WASSACHUSETTE COLLEGE OF PHARMACY Mame
iste exactablian thereh 15,1950 (page 2) MANNORMAN 476 of the purposes of the problems below, assume that all landwes fire instrance contracts (on drug store fixtures, contract end merthandise) seve the following stipulations:
1 1. Fremium rate per thousand £ 15.
3. Policy ported One year
D. Reinstatement terms Automatic, contract rate, to original
6. Special term Fire losses of less than 55 of less th
contract stipulations as listed above, and with the drugglet and collects as follows, now much will the drugglet
Vilue of lasurable property 8 35,000.
Torquenon of the hotered working the
Insurance carried with Company B & 15,000.  Fire loss ( at midyear) 5 18,000.
-Slability of Company A before deduction of reinstatement
-Rothstatement premium charged by Company A.
-Amount collected from Company A by druggist-insured.
Show here all figuring for Company A. Label clearly.)
-birdlity of Company B & Fore, acduation of reinstatement
-Pelast teacht premium charged by Company B.
-Amount sollected from Company 3 by druggist-insured.
from here all figuring for Company B. Label elenrly.)
-Total resount collected by the druggist from Company A and Company B.
DELW II. With contract abipulations as listed at the top of the page, and the following facts, how much will the druggist collect? Value of insurable property f 10,000.
Colesurance clause \$ 12,000.
Pire loss Total Reinstatement terms Careled
-Amount collected by the druggist.
To reverse side for figuring.)

MASSACHUSETT	S COLLEGE OF PHARMACY Name tion. March 15.1950 (page 3) MANAGEMENT 476
Term examina	tion, March 15,1950 (page 3) MANAGEMENT 476 chase of a drug store amounts to "buying a job for myself",
what two typ	es of income does the owner-manager receive?
1.	in the date of compute the learning (
2.	A STATE OF THE PARTY OF THE PAR
	the proper figures, complete the "quick-check" rules used
	the reasonableness of the asking price for a drug store.
	L CONDITIONS, THE PRICE OF AN AVERAGE DRUG STORE SHOULD
	- (use single figure rather than a range) average daily sales."
	of average annual sales."
	capitalization of average net profit."
times t	he average annual net profit."
	e offoring price for a drug store business when the fore-
casts and st	atistics are as follows:
Buyer's fo	recasts: Stable-business-life expectancy 8.5 years
	Good will value in terms of profit 1.5 years
Danie ot san	Expected normal interest rate(10 years) 5%
prug store	statistics: Average annual sales \$ 82,000. Fixtures, fountain (depreciated) \$ 8,000.
	Merchandise, supplies
	Liabilities to be assumed \$ 1,000.
	Average net profit 6%
The state of the s	Asking price for drug store (cash) \$ 30,000.
\$	-Asking price for good will. (Show figuring clearly labeled.)
	Control of the control of the last the control of t
11.00	
	are the first and order to your test of the common threshold the
1 2 2 2 2 2	colorer = 7 = 1 - colored to a set that I had a little the little to
	-Buyer's estimate of the value of the good will.
7	(Show figuring clearly labeled.)
	(blick righting cicirity rasolear)
Shirt Shirt	
a Table I with	Principal to search the 1867
1 0 a (10 )	
THE PARTY OF SERVICE	Home & COUNTY
Se .	-Ruyer's offering price as determined by the bookkeeping
1	formula method" of evaluating a drug store. (Label figuring.)
	Dealescaning Committee in
5. 110	Bookkeeping formula is:
0,000	
Marin Control	The management of the second s
15 July 1 1975	of the relation of the second
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MASSACHUSETTS COLLEGE OF PHARMACY Name #
Semester examination, May 16,1950 MANAGEMENT #476
By insercing the appropriate NUMBER in the answer square, identify the
insurance that provides some protection to the druggist in each of the
following instances. Key: 1. Fire insurance
2. Workmen's compensation insurance
3. Public liability insurance
4. Druggist's liability insurance
# 5. "No insurance for the risk is listed
above"
Through a roof leak, heavy rains damage stored merchandise
Water from a fireman's hose played upon an adjoining building damages
stock in the drug store which is not afire
Delivery of the wrong prescription causes injury
An employee strikes and injures a child found stealing candy from
the drug store counter
The delivery boy is injured while making a delivery of a Rx
A free drug sample furnished without charge by a drug manufacturer,
and given by the druggist to a customer as a gift, injures the
customer because a particle of glass was imbedded in the drug.
The druggist is sued.
A person taking a "short cut" through the store having two entrances
on different streets, falls over a box left in the aisle by a
drug store employee
If a Massachusetts druggist does not carry workmens compensation insur-
ance and an employee is injured while at work and seeks compensation by
legal means, which of the following apply?
1. The claimed damages must not exceed the scredule amounts found in
the law (workmens compensation insurance law)
la. The employee may sue for any amount he thinks necessary for
compensation
2. At the trial, the employer may not set up the common law defenses
2a. The employer may use common law defenses to protect his interest
The Lilly Digest (Progress Report for 1949 on 318 drug stores) reveals
one figure of each pair. The other figure is the Lilly Digest figure
for 1948. Fill in the answer square before each 1949 Progress Report
figure.
\$69,571. Total sales
86,059. " "
\$12,112. Inventory at end of the year
11,654. " " " " "
32.6 % Gross margin
30.3 % " "
27.1 % Total expenses
26.3 % " "
3.2 % Net profit
6.3 % " "
\$ 5,910. Proprietor's salary
\$ 5,462.
Which one of the following definitions is generally applied to the term
"price break" in purchasing as "In buying, watch for the price break"?
1. A lucky special purchase at a very low price
2. A manufacturer's reduction in an established list price
3. A discounted price given regularly for a quantity purchase
In general, if a choice was possible, which one of the three figures
would a business man select as the "break-even point" for his business?
100 % WHY?
95 %
50 %

TACHDERTES COLLEGE OF PHARMACY NAME 342 er examination, May 16,1950 the appropriate NUMBER. in the ensuer scare, identify tence that previles some protection to the druggist in each of the 2. Merkmen's compensation insurance 5. Public limbility ansurance 4. Pruggist's liebility insurance "Mo insurance for the risk is listed HOVOCE Trough a roof lank heavy rains dame, e tore a debordie "ster from a firements hose played upon an arising building damages stock in the dang store which is not appear calivery of the wrong prescription counce to tury employee stiltes and injures a child found stilling candy from the drug stord drumter The delivery boy is injured while mening a delivery of a ex A free drug sample furnished without charge by a drug manufacturer, and given by the deargist to a customer as a gift, injures the customer because a waitiale of glass was imbedded in the drug. The druggi t is sued. person tesing a "short cut" through the store having two entrances on different strates, falls over a box left in the misle by a drug stone engloye ence and on employee is injured while at work and seems compensation by Lacens, which of the fallowing apply? The claimed drunges must not exceed the confule counts found in the law (vorkmens compensation insurance law) La. The employee may sue for any amount he thinks necessary for ! compensation P. At the trial, the employer may not set up the common law defenses A. The compleyer way use counted law decimes to protect his interest Tigure of each pair. The other figure is the tilly Digest figure ir 1848. Fill in the answer square before wath 1949 Progress Report Ece. 571. Total solds Mis, 119. Taventory at ere of the year 11.65d. # # H H H migram second & 8:30 H . H . B & . OH Mot profile 5,310, Proprietor's salary one of the following definitions is seemally englished to the term break! In purchasing as "In buying, watch for the price break!" A lucky spect 1 surchast at a very low price and a state of the A disposited price given regularly for a cumtity surchase retal, if a choice was possible, which one of the three figures A c business and select es the "break-even point" for his ouglouse?

hat is the single-figure equivalent of a series discount of 10%,3% and 2% ? Show all figuring clearly labeled.
The eight-store derived averages of a recent survey (1948 figures, independent retail drug stores) shows the following:  Prescription department sales \$ 14,421.  Rx department gross margin 7,987 55.4 %  Rx department net profits 1,625 11.7 %
Rx department annual turnover 2 times What is the cost-of-goods-sold in the prescription dept.? (Show all figuring clearly labeled.)
What is the value at cost of the average Rx dept. inventory:  (Show all figuring clearly labeled.)
The same survey provides derived figures for the fountain department as follows:  Fountain department sales \$ 22,230.
Fount. dept. gross margin 8,954 40. % Fount. dept. net profit 1,048 4.7 % Fount. dept. av.turnover rate 31 times What is the cost-of-goods-sold in the fountain department? (Show all figuring clearly labeled.)
What is the value at cost of the average fountain inventor (Show all figuring clearly labeled.)
On the basis of the above two sets of figures and your answers, make a pertinent observation from the viewpoint of - a purchasing agent for the drug store
an investor in the drug store business (but not as a pharmacist)
- as a pharmacist with professional pharmacy in mind

ing stranger types vertex of a content of Leston derly average of a regard (1920 flyares, whereast of the second o 7.7.11 - dat.1 Prospertment not profits ... 1,68559-55 S. Jaeb nolining and of bloc-about-10-1200 onl at full (short all attenting olemaly labeled.) That is the value at cost of the evergee By dopt, inventory as James and mot well and the sugar bovine antivoza given Fount, 1 of the control of the contr oune. dept. ov. currov.r.rotes Al thics ... dept. in dept. curt. (chalages virally gainered the well) That is the value at cost of the average fourtain inventor ( in feder years to amings the week) a exemperation above the sense of figures and the elem and the selection and acut molders and design is store gurb add toll Jacque anisalous (Schonwall, a as Jon Jud) theatend onede parts will di redervat pa the at commented the professional profession to the chart

WANAGEMENT # 476 Name #	
m general, which of each pair is the better rule to follow in the	
average drug store when the item concerned has a fairly uniform rate	
of sale? (All other factors being equal.)	500
Don't buy less than can be sold in the vendor-granted credit period	1
Don't buy less than was sold last year	
Don't buy more than a three-month supply	
Don't buy more than an amount yielding five turnovers a year	
Buy the complete line - in a display case if possible Buy according to last year's sales	
If customers complain about price, change to another cheaper brand	
If customers complain about price, buy smaller sized units	
since merchandise bears more risks than money, which rule is generally	-
best for the average pharmacist drugstore owner to follow?	
1. Keep investment in money form as long as possible	
2. Convert money to goods and goods to money as frequently as	
possible	
3. Anticipate the profit to be earned during the year and withdraw	
monthly one-twelfth of this amount and invest it is sound stock	ks
or bonds	
(Select the correct answer in each pair.) In Massachusetts by law,	
employees -	
- must be paid at least once a month	
must be paid at least once a week	
- must receive not less than \$ 22.50 a week if non-professional	
selling personnel	
[ - must receive not less than 65 cents an hour (same persons)	
- must receive the minimum wage or more for a 40 hour (plus or	
minus 10%) a week	
- must receive the minimum wage or more for a 48 hour week	
- Must receive 75 cents an hour for overtime work if non-profession	n-
al selling personnel	
- must receive 55 cents an hour for overtime (same persons)	_
In general, incentive wage plans are difficult to use in the average	
drug store for which of the following reasons?	
1. Sales vary greatly from week to week	
2. Personnel of an average drug store must perform both selling and none selling duties and thus unfairness may arise	
3. The owner has not adequate knowledge weekly or annually of his	
costs and expenses in both dollar and percentage forms	
What three elements are found in every effective executive's plan for	-
dealing with hired personnel? Give one word answers.	
1,	
2.	
3.	
That is the Massachusetts average prescription price as revealed by	-
the 1949 M.C.P. Survey of new prescriptions filled in the state?	
Total m. c.r. Burvey of hew prescriptions fitted in the state?	
That is the most common form of medication (ointments, capsules, etc.)?	
is most common form of medication in Massachuset	ts.

which the store when the item concerned has a sairly uniform rate Lis (All ocher factors being equal.)

And they less them one ac sold in the vendor-greated create period

and they less them was sold lest year

Desire our nere that a tarde-month supply. on't buy more than an amount yielding five turnovers a year But seconding to last, year's anless If custosers complete thout price, of ware to another cheaper brend: t for the everage phermedist orugator owner to follow?

1: Reep investment in money form as long as possible.

2: Convert money to gouds and goods to money as frequently as possible. Anticipate the profit to be carned during the year and withdrew exceds bouce at of Jeavot bus Javons ainf to differ one vision abaca To of the correct maswer is each pair.) In Massachusetts by laws. - essvol - mines or paid at least once a wonth . Mood a sone Jasof to bing od Java must reclive not less than ? 22:50 a week if non-professionel sciling personnel. must receive and less than 65 cents on hour (some porauna) ... dost receive on minimus ongo or more for a 40 hour (plus on sinus 165) a seek must receive the minimum wage or more for a da hour weeks . Nut receive 75 conts on hour for overtime sork if non-profession-- sust regilto 50 cont tan hour for overtime (some persons) Since for chies of the folloping reasons? Sales yary grantly from week to wash Personnel of an average drug store and perform by a sciling and none selling ductes and tour deferees may fried sid to wilsumer to wish and the world of the state of the lerodent bio ? one ovid Simmers bould fifty anties the the Wasshammetts average prescription orie; as revealed by at is the most common form of medication observator, or psules, etc.)? and termonical of modication to and nomice dead at

MASSACHUSETTS COLLEGE OF PHARMACY Name To determine collection by insured under a "reduced rate" or "co-insurance" clause fire policy, follow this standardized procedure: STEP 1. (Apply the formula:) Insurance CARRIED X LOSS = COLLECTION STEP 2. (Apply the rule which is applicable.) Collected amount will be the smallest amount as determined by the following four rules: # 1. Not in excess of actual loss. # 2. Not in excess of policy amount. # 3. Not in excess of co-insurance formula. (5% exception) # 4. Not in excess of insurer's share of loss. Facts common to all the following problems are: Value of insurable property ...... \$ 10,000.
All fire insurance policies have an .... 80% cla
Losses under 5% of insurance carried are fully covered. 1. 2. 80% clause 3. Reduced rate premium per thousand, per year \$ 10. 4. Type of coverage in all policies ...... 5. Blanket All fire losses are sustained at the midyear. (Policies are for 6. Automatic reinstatement. one year) Additional facts: | Figure for the following: # of Collectable Reinstate- Amount Formula Prob. Amount of Fire insurance amount of the amount as ment prem- received carried. rule determined ium deduct-by the loss. recovery. used by rule. ed. \$ insured. 4,000. 4,000. 2,000. 2,000.  $\frac{20}{2}$  = 10. 1. \$1,990. 6,000 2. 4.000. 3. 4,000. 8,000. 4. 4,000. 9,000. 5. 4,000. 10,000. 6. 8,000. 2,000. 7. 8,000. 9.000. 8. 9,000. 6,000. 9. 3,000. 50. 10. Co.A 8,000. 6,000. CO.B 8,000. II. CO.A 4,000. 8,000. Co.B 8,000. 12. Co. A 2,000. 9,000. Co.B 6,000. 13. CO.A 4,000. 10,000. Co.B 4,000.

INSTACHUSETTS COLLIGE OF THE STORY OF THE TOTAL OF THE TO ancer clause fire policy, follow this strategical procedure: TEP 1. (Apoly the cordular) Insurance Cinti Lusarence Bootland X Tose - octrection STEP 2. (Apply the rule watch is applicable ) Collected amount will be the smallest amount as determined by the following four rules: # 1. Not in excess of actual long. polder amount.

co-tosurence formula. (5% exception)

insurer a share of loss. To sasowe at Jok .S F # S. Hot in excess of # 4. Not in excess of ters amsidorq grawollol ods lis of nommon ato Value of insurable property ..... ? All fire insurance policies bave an .... Losses under 5% of insurance carried are fully covered. Reduced rate premium per thousand, per yeer \$ 10. Type of coverage in all policies ..... Blanket All fire losses are sustained at the midyear. (Folicies are for Automatic reinstatement. CHE YEAR) dditional facts: | Figure for the following: Reinstateto Januara Fire the amount as a ment prema received loss. bolitso recovery, rule determined its deduct by the 2,000. used or rule. DOTHER! .000,3 4,000. .000.8 .000,10 4,000. 000.3 .000.0 ,000,2 \$ 000 p 2,000,8 .000.GI 4.000. .000,1 .000.8 ,000 B 3,000 6,000. 1000.8 2,000. 30. 8,000. .000.3 0.00 .000.8 4,000, .000.8 .000,8 A . 03 ,000.R .000.0 A.CO .000,2 10,000. a.o. 000 0

MASSACHUSETTS COLI MANAGEMENT #476	LEGE OF PHARMACY	Name	#
notermine the requ	ested offering pri	ces for a drug store	business when
the buyer's foreca	sts and the busine	ess statistics are as	follows and all
fractions of a year	r are figured on a	year of 365 days:	
BUYER'S FORECAS			
Stable-busi	ness-life expectar	су 9.5 у	ears
Good will e	evaluation in terms	of profit 1.5 y	oars
		mer-manager \$ 4,5	
		ce(10 year forecast).	5%
DRUG STORE STAT	TISTICS:	dead, in the same of the same	00 000
Average and	nual sales (last 7)	rears)\$	
	The state of the s	value \	3,500.
10000000011	11 11	" )	4,000.
Equipment (		dated reluc	200. 500.
Morehandise	and supplies	ciated value)	13,000.
Tiphilitie	to be assumed by	buyer	1,000.
		ems of sales	6%
	profit		6%
Asking price	ce for the drug sto	ore business (cash). \$	
		ALL FIGURING, CLEARLY	
ACCOMPANYING SHEE!			
1.\$	The asking price	for good will.	
2.\$	The buyer's estin	nated value of good w	ill.
		and the second	
3.\$		price figured by the	
	100 days meth	od".	
4.\$		price figured by the	
	_ " 20% capitali	mation method".	
r la	7		- AND THE RESIDENCE
5.8	Buyer's offering	price figured by the	+1- 1
	] "Bookkeeping e	quation method" when	the buyer
		e only salary as inco	ome from the
	business for t	he first 1.5 years.	
6 6	7 Duranta offerina	and a Pierral her bla	
6.\$		price_figured by the quaidon method! when	
		salary, and interest	
		the business, as inco	
		s of ownership.	ome for the
	TIPSC 1.5 year	s of ownership.	
7.5	7 Buyer's offering	price figured as an	SVETSE
1		4, and 5 (above).	average
	J of answers o,	a, and b (above).	
If the seller of	the drug store has	been operating on bo	orrowed cash
and has been pavi	ng interest for th	e past 7 years, which	interest was
		ments, should this fac	
	ring price as figu		
Increase [ WHY			
Decrease			

and aspects of the first a total and the surface of Listes a offer on a committee statement of the alessenot at total s of a year are Tigured on a year of 165 days: acle-business-life expectancy ..... 3.5 years Story B.L. ... dilory to error of notice ave Illy book Expected average salar or brant-canter to \$ 1,500. Library Tree Herest Tarraint agareve belonging werage amuni seles last 7 years ..... 8 80,000. Ixbres (current deprestated value) ...... .000 4,000. . . . . . . . . . . . . . . . . 0.00.5 Owner-manager's salary, in terms of sales ..... Owher-manager's salary, in terms of the series of the seri SUPPORT ALL AUGUSTES BELOW, SHOW ALL FICTORING CLEARLY NO SHEET The asking price for good will. The buyer's estimated value of good will. Ewyor's offering price figured by the " books on again Obin Buyer's Silering price' (iners) by the Edyer's of crim, price flanded by the "Bookkeeping equation refrost when the buyer expects to hive only ontary as theome from the business for the free 1.9 years. Buyer's offering price filmwel by the expects both a salary, and interpret on his invist and in the surfaces, as income for the Buyer's offering price figured as an average of answers o, t. raid b. (obove) the several delivery to the past of the past of the relies of the past of the relies of the past of th November 8% althought as earn and office as the server

LLEGE OF PHAIRIAGY

and interest on investment are expected during years profit is

surrendered toward good will payment.

LANG PRINTERS OF THE ALL THE PART OF THE P AL STRUCTURE TOT WELL BUYER S RETIMATED VALUE OF GOOD KILLY. S. Piguring for "BUYER! S. OFFFRIED PRICE BY 100 BAYE METHODS" VISORING for "BUYER'S OFFERING PRICE BY CAPIALIZATION MINISTREE FOR TOTAL TOTAL OF THE OFFICE OF PROPERTY OF THE FLEEN AS INCOME by buyer.

Figuring for Wolfington March 34 300KF 1140 MFTHOLT when both saidty and interest on investment arremate auring years profit is surrandered toward good will payment.

WASSACHUSETTS COLLEGE OF PHARM	IACY	***			EMENT	#476
SOME SOLUTIONS FOR THE I	RUG-STORE (2)	E-BUYIN (3)	G PR	OBLEM. (4)	(5)	
OFFERING	Price as		of	Price	Number	of I
PRICES		DAYS O		equals	YEARS O	
for the	of av.	av. SA	LES	av. net	av. net	
drug store.		equal		PROFIT	PROFIT (	\$4800.
				CAPITAL-	equal t	
* 000	(\$80000.)	(9219.		IZED at:		
"Fquipment" \$ 200.  "Accounts receivable" 500.	.25 %	.9 d	ays	2400.%		year
"Accounts receivable" 500. "Fixtures" 3500.	4.4	2.3		137.	.10	8-
"Fountain" 4000.	5.	18.5		120.	.83	- 9
one year's net profit 4800.		21.9		100.%	1.00	vear
\$5000.	6.25	22.8		96.	1.04	, , ,
6000.	7.5	27.4		80.	1.25	9-1-11
7000.	8.75	31.9		68.6	1.46	
Good will (Buyer's) 7200.	9.	32.8		66.6		years
"Fixtures & Fountain" 7500.	9.4	34.2		64.	1.56	
Total assets(no g.w.) 7700.	9.6	35.1		62.3	1.60	2 - 3
8000. 9000.	10. %	36.5		60. 3	1.66	2 4 3
Two years' net profit 9600.	12.	43.8		53.3 50. %		years
Good will (Seller's) - 9800.	12.25 %			48.9	2.04	Jears
\$10000.	12.5	45.6		48. %	2.08	
11000.	13.75	50.2		43.6	2.29	El watern
12000.		54.8		40. %		years
'Mise. inventory' 13000.	16.25	59.3		36.9	2.71	
14000.	17.5	63.9		34.3	2.92	2 3018
Three years' net profit 14400.	18.	65.7		33.3		years
\$15000.	18.75	68.4		32. %		3
16000.		72.9		30. %	3.33	A LEVEL OF
17000. 17534.	21.25	77.6 30. d	lays	28.2	3.54 3.65	1 1 1 1 1
17778.	22.3	31.1	ays	27. %	3.70	8 2 1 2
18000.	22.5	82.1		26.6	3.75	1
18462.	23.1	84.2		26. %		7-11
18630.	23.3		lays	25.8	3.88	J. Wales
19000.	23.75	86.7		25.3	3.96	1
Four years' profit 19200.	24. %	37.6		25. %	4.00	years
19726.	24.6		lays	24.3	4.11	
\$20000.	25. % 26. %	91.3		24. %		
20800.				23.1	4.33	
20322. 20870.	26.3	95. d	lays	23.1	4.34	
21000.	26.25	95.8		22.9	4.35	
Total assets (no g.w.) 21200.	26.5	96.7		22.6	4.42	
21600.		98.6		22.2		years
21818.	27.3	99.5		22. %		
100 days' sales 21918.			lays	21.9	4.57	
22000.		100.4		21.8	4.58	
22400.		102.2		21.4	4.67	
22857.		104.3		21. %		
23000. 23014.		104.9 105.	aref	20.9	4.79	
23200.		105.9	lays	20.9	4.79	
(20% capitalization) - 24000.		109.5		20. %		years
(also, 5 yrs'. profit) 24110.			lays	19.9	5.02	
24439.		111.5		19.6	5.09	
24800.	31. %	113.1		19.4	5.09	
\$25000.	31.2	114.		19.2	5.21	Sin Pa
Service -						100 mm

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OPIAN MISSISSIA		A ATT	MESACHUSETTE COLLEGE OF PRET
EMINE 1478	MANUAL TON	PURE TORE VINCTE	SOME SOUTHOUS FOR THE
(a)	(4)	(8)	The same and
Number of		Price as Finber of	DESPRING 1
TO THANK	BIRUNG	PERCENT DAYS of	PRICES
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PROFIT(ALSON	TTSOGG	TOT THURS JAUWWAL	
.oj laure	The second second second	SALES. the price.	
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TREAT 49.		ayab Q CG.	.009 3 "JnamqImon"
.10	0.088	7.8 80.	Accounts receivabled 500.
.78.	LETT	4.4 15.0	.0008 3500.
89.	CSI	5.03 .6	symmening Harman 4000.
1.00 year:	100.%	6.10% .8	1008N dillor don attesy out
1.04.	.88	8.38 03.8	15000.
1.25	80.	7.5 37.4	6000
1.68	3.83	8.75 31.9	20005
1.50 years	8.85	8.85 38.8	100 will (Buyer's) '7200:
1.58	.10	8.48 4.8	Thitures & Fountain 7500.
1.60	6.80	8.6 85.1	Note: ssetu(ac g.w.): 7700.
1.66	80. 5	10. 7 36.5	.0008
1.87	58.3	11.25 41.1	.0000
2.00 years	\$ .00	B.80 .SI	No years net profit 9800.
2.04	14.84	12.25 5 44.7	Suct will (Selleris)-, 9800.
80.8	864	12.5 45.6	.000013
93.8	0.84	13.75 50.8	11000.1
2.50 years	2 .04	15. 5 54.8	12000.
8.71	0.88	16.25 39.3	"Mae, threatery" 15000.
2.92	184.8/	17.5 33.8	JACOOC.
3.00 years	8.88	118. 95.7	Mure years not profil \$400.
3.13	1 88	18.75 88.8	\$15000.
3.33	30, 3	80. \$ 70.0	15000.
3.54	\$,83	21.25 97.3 21.9 30. days	17534.
69.8	27.4	The second secon	**************************************
3,70	2 173	1.16 d.SS   1.08 d.SS	180001
8.75	8,83	8.18 1.38	18481
3.85	4 .88		18880.
5.88	0.03	28.75 85. days	190081
3.96	6.33	84.1 \$ 37.8	.00001 - Jinory sames TUGO
4.00 years	20 . du	24/10 00 drys	19736.
4.16	5 50	25. 4,9118	.000089
4.38	28.1	26. 8 84.8	100808
4.54	1.83	26.8 95. days	12202
63.4	259	3.30 1.83	20870.
.88.4	6.38	8,69 68,88	.000ES
4.48	0.33	7,00 0.09	. OGEIG(.w.g on) sieks lalo
4.50 years!	8.37	26.0 4.08.2	.00813
4.55	N	87.6 92.8	.81813
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er.	6.03	E8.8 105. days	, B1U6G
1.83	7.03	29. \$ 105.0	.00888
5.00 years	0.03	30. 109.5	capitalisation; 81000.
5.09	-19.9	30.1 110. days	days yrs, profit) guilo,
5.09	18.8	30.0 111.5	88488
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5.21	S.GL	31.8 111.	.00083

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                                  31.5 % 115.
                      25206.
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                                                 days
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                                        115.3
                                                          19. %
                       25263.
                                  31.6
                                                                  5.26
(See answer #6)---- 25345.
                                                          18.9
                                  31.7
                                          115.6
                                                                   5.28
                                  32. % 110.8
32.5 118.6
                                                                   5.33
                       25600.
                                                          18.8
                       26000.
                                                          18.5
                                                                   5.42
                                  32.9
                                          120. days
                                                          18.3
                       26302.
                                                                   5.48
                                  33. % 120.5
                       26400.
                                                          18.18
                                                                   5.50 years
                                  33.3 % 181.7
33.75 185.2
                                                          18. %
                       26667.
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                                                          17.8
                       27000.
                                                                   5.62
                                  34. % 184.1
                       27200.
                                                          17.7
                                                                    5.66
                                  34.25 123. days
                                                          17.5
                       27398.
                                                                    5.71
(See answer #5)---- 27400.
                                  34.3
                                          135.
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                                                                    5.71
                                  35. % 137.8
35.3 128.8
                                                          17.1
                       28000.
                                                                    5.83
                                                          17. %
16.9
                       28235.
                                          128.8
                                                                   5.83
                                          130. days
                       28493.
                                  35.6
                                                                    5.94
                                  36. % 131.4
36.25 132.3
Six years profit --- 28800.
                                                          16.7
                                                                    6.00 years
                                                          16.6
                       29000.
                                                                   6.04
                                  37. % 135. days 37.5 136.9
                                                        16.2
                       29600.
                                                                    6.04
                      $30000.
                                                         16. %
                                                                  6.25
                                  38. % 138.7
                                                          15.8
                                                                    6.33
                       30400.
                                                      15.5 6.45
15. % 6.67
                                  38.75 141.4
40. % 146.
41.25 150.6 days
Asking price ---- 31000.
                       32000.
                                                          14.5
                                                                    6.87
                       33000.
                                  42.5
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                                          155.1
                                                          14.1
                                                                    7.08 years
                                                          14. %
13.7
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                       34286.
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                                                                    7.29
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                                 45. % 164.3
46.2 163.5
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                                                          13.3
                                                         13. %
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                       36923.
                                 46.25 168.8
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12.3 7.92
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11. % 9.09 years
10.9 9.16
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                                 50. % 182.5
54.6 199.1
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                                 55. % 200.8 days
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                                                        10.
                       48000.
                                 60. % 219.
                                          228.1
                                                          9.6
                                  62.5
                      $50000.
                                                                   10.41
                                  65. % 237.3 9.2 100. % 365. days 6.
                                                                   10.83
                       52000.
                                                                % 16.67 years
% 20.00 years
% 25.00 years
One year's sales ---- $80000.
                                 100.
                                       4.38.
                       96000.
                                 120.
                                                           5.
                                  150.
                     $120000.
                                           547.5
                                                            4.
Bookkeeping method: NET WORTH :: ASSETS - LIABILITIES
    Fixtures ..... $ 3500.
                                                 $ 3500.
    Fountain ..... 4000.
                                               4000.
    200.
    Accounts receivable ...
                                                        500.
    Merchandise ... 13000.
LISTED ASSETS. 21200.
                                                     13000.
                                                     21200.
    Good will .......... 4800.(1 yr.profit) 7200.(1 1/2 yr. profit)
       TOTAL ASSETS..... 26000.
                                                     28400.
                                                      1000.
    DEDUCT liabilities... 1000.
       NET WORTH ......$25000.
                                                   $27400.
These offering prices allow the new owner only SALARY(the same salary
old owner drew) for the period during which profit is surrendered in payment of good will. If interest on investment is desired by new owner
in addition to salary, the prices above are reduced thus: (25000.x5%x1 year) (87400.x5%x1.5 years)
                            - 1250.
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\$23750.

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(1 1/2 yr. profit)
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                                                .... PINEDA HATOT
  all personer drew) for the period during which profit is surrendered in
squant of good vill. If interest on investigat is desired by new oppor
              medition to salary, the prices above are reduced than:
                   (Breen & Jakear Coare)
                                                   (fish, IxPax.000es)
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## PERCENT OF THE YEAR EXPRESSED AS NUMBER OF DAYS

1% - 3.65 2 7.30 3 10.95 4 14.60 5 18.25 6 21.90 7 25.55 8 29.20 9 32.85	days	51% - 52 53 54 55 56 57 58 59	186.15 189.80 193.45 197.10 200.75 204.40 208.05 211.70 215.35	days
10% - 36.50 11 40.15 12 43.80 13 47.45 14 51.10 15 54.75 16 58.40 17 62.05 18 65.70 19 69.35	days	60%- 61 62 63 64 65 66 67 68	219.00 222.65 226.30 229.95 253.60 237.25 240.90 244.55 248.20	days
20% - 73.00 21 76.65 22 80.30 23 83.95 24 87.60 25 91.25 26 94.90 27 98.55 28 102.20 29 105.85		70%- 71 72 73 74 75 76 77 78 79	251.85 255.50 259.15 262.80 266.45 270.10 273.75 277.40 281.05 284.70 288.35	days
30%- 109.50 31 113.15 32 116.80 33 120.45 34 124.10 35 127.75 36 131.40 37 135.05 38 138.70 39 142.35	days	80%- 31 82 83 84 85 86 87 88	292.00 295.65 299.30 302.95 306.60 310.25 313.90 317.55 321.20 354.85	days
40%- 146.00 41 149.65 42 153.30 43 156.95 44 160.60 45 164.25 46 167.90 47 171.55 48 175.20 49 178.85	days	90%- 91 92 93 94 95 96 97 98 99	328.50 332.15 335.80 339.45 343.10 346.75 350.40 354.05 357.70 361.35	
50%- 182.50	days	100%	365.00	days

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	00.038	110 .			48.80	
	66.6.3	6:3			AA. YA	21
	68,563	64			97:10	11
	30.760 08.080	64			54.75	41.616
	09.008	98			89.40	51 8
	244.55	87			89.05	35 67 1
	US BLA	83			85.70	0.18
	851,138	88			68.85	- OF S
	nyab 06.6cs	-207		lays	90.35	
	. Cl. 36.	71		10.00	78.65	. 10 1
	08.380	5370		8	0E.08	200
	286.40	73			80.95	20 8
	01.073	74			87.80	- 53 A
	873.75	75			91.55	
	04.812	36			08.16	103
	90.188.	. 177			98.55	13 0
	07,365	. 78			108.80	1.53.6
	288.30	67			38.85	
	sysb 00, aca	4208		Sysb	Od BOI	1205-0
	88.66%	31			31.311	. 55 0
	00,900	88			08.811	
	50.5uc				180.45	
	00.000	18			104.10	
	210.03	-68			dr. 731	
	DE TELL	90			05.181	83.3
	66. YER 08.1.	78			181.40	
	Device.	88			GV.SSI	83 .
	804.85 800.90 days	99			GG.SAI	92 18
	eveb on days	-506		days	146.00	
	01.0	IG			IA9.65	. 19 19
	08.675	3,6			155.30	
	859.45	86			156.95.	54
	3.5.10	94			iso.so	1 44 1
	CT.8-6	96			ace.se	-44
	NEW WIND	56			08. L9T	
	CD+481.	46		= 1	00.17.0	LTA
	87.105 81.105 845.00 days	60			11.101 11	The state of the s
	Cont 3	66	The state of the state of		46.471	03.08
	845,00 days	1002		ayab	00.881	-204-1
				1 4		

ADMI LITERTION, MARSAGINS

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EXPRESSED AS A PERCENT OF THE
        NUMBER OF DAYS
                                     110-30.14 DAYS 7 DAYS 7 DAYS 110-30.14 166-45.48 221-60.55 7 777-
                                                 %
                                                                                  DAYS
                                                                                               %
                                     DAYS
                                                                                                                              DAYS
                                                                                                                    c/s
DAYS
                 DAYS
                                                                                                         277-75,899331-90.68%
                 56-15.34
 1
        .54
                                                                                                       278 76.16
                                                                                                                              332 90.96
 2
                 57 15.62
                                                           167 45.75
                                                                                  223 61.10
                                                                                                        279 76.44
        .82
                                     112 30.68
                                                                                                                              335 91.23
 3
                                                           168 46.03 224 61.37
169 46.30 225 31.64
                 58 15.89
                                     113 30.96
      1.10
                                                                                                        080-76.719334 91.51
                 59 16.16
                 60-16.449114 31.23
                                                            170-46.58,225 61.64
171-46.85,226 62.47
      1.37
                                                                                                                              335 91.78
                                                                                                        281 76.99
                                      115 31.51
      1.64
                                                                                                        282 77.26
                                                                                                                              333 92.05
                 61 16.71
                                                            171 46.85
                                                                                  227 62.19
                                     116 31.78
      1.92
                                                                                                                               337 92.33
                                                                                                        283 77.53
                 62 16.99
                                                            172 47.12
                                                                                  228 62.47
                                     117 32.05
      2.19
                                                                                                                              338 92.60
 8
                                                                                                        284 77.81
                 63 17.26
                                                            173 47.40
                                                                                  229 62.74
                                     118 32.33
      2.47
 9
                                                                                  230-63.01%286 78.36
                                                                                                                              339 92.88
                 64 17.53
                                                            174 47.67
     2.74 65 17.81
                                     119 32.60
110-
                                                                                                                               340-93.15%
                                     120-32.38 176 48.22
                                                            175 47.94
                                                                                  231 63.29 287
11
       3.01
                                                                                                                               341 93:42
                 66 18.08
                                                                                                                 78.63
                                                                                  232 63.56
                                     121 33.15
       3.28
                                                                                                                               342 93.70
                                                                                                        288
12
                                                                                                                73.90
                 67 18.36
                                                            177 48.49
                                                                                  233 63.84
                                     122 33.42
       3.56
13
                                                                                                        289 79.18 343 93.97
                 68 18.63
                                                            178 48.77
                 69 18.90 123 33.70
                                                            179 49.04 235 64.38
                                                                                                        290-79.459344 94.25
291 79.73 345 94.52
      2.84
14
                 70-19.18,124 33.97
       4.11
                                                            180-49.31 235 64.38
181 49.59 236 64.66
182 49.86 238 65.20
115
                                      125 34.25
       4.38
116
                                                                                                                              346 94.79
                 71 19.45
                                                                                                        292 80.00
                                                                                                        293 80.27 347 95.07
294 80.55 348 95.34
                                      126 34.52
       4.66
                 72 19.73
                                                            183 50.14 238 65.20
184 50.41 239 65.48
                                      127 34.79
 18
       4.93
                 73 20.00
                                      128 35.07
                                                                                  239 65.48 295 80.82 349 95.62
240-65.75 296 81.10 350-95.89
 19
       5.21
20- 5.48%75 20.55
                                                            184 50.41
                                      130-35.62 185 50.68
                                                                                                                              350-95.89%
                                                                                                        297 81.37 351:96.16
298 81.64 352 96.44
                                                                                  241 66.03 297 81.37
       5.75
 21
                  76 20.82
                                                             186 50.96
                                                                                  242 66.30
243 66.57
244 66.85
                                      131 35.89
       6.03
                  77 21.10
                                                            187 51.23
                                                                                                        299 81.92 353 96.71
300-82.199354 96.99
                                      132 36.16
 23
       6.30
                  78 21.37
                                                             188 51.51
                                      133 36.44
       6.58
                                                            189 51.78
                 79 21.64
                  80-21.929134 36.71
                                                            190-52.05 245 67.12
191-52.33 246 67.40
191-52.33 247 67.67
192-52.60 248 67.94
193-52.88 248 67.94
                                                                                                        301 82.46 355 97.26
       6.85
                                                                                                         302 82.74 356 97.53
                                      135 36.99
 26
       7.12
                  81 22.19
                                                                                                         303 83.01 357 97.81
                                      136 37.26
       7.40
                  82 22.47
                                      137 37.53
                                                                                                         304 83.29 358 98.08
 28
       7.67
       7.67 83 22.74
7.95 84 23.01
                                      138 37.81
                                                             194 53.15 249 68.22 305 83.56 359 98.36
195 53.42 250-68.49 306 83.84 360-98.63%
                                                                                   249 68.22
      8.22785 23.29
                                       139 38.08
                                                                                  251 68.77 306 83.84 360-36.63
252 69.04 308 84.38 362 99.18
253 69.31 309 84.66 363 99.45
254 69.59 310-84.93 364 99.73
                                       140-38.36
 31
        8.49
                  86 23.56
                                                             196 53.70
                                       141 38.63
        8.77
                  87 23.84
                                                             197 53.97
                                       142 38.90
       9.04
                  88 24.11
                                                             198 54.25
                                                                                                         310-84.939364 99.73
                                       143 39.18
        9.31
                  89 24.38
                                                             199 54.52
                  90-24.66 144 39.45
                                                             200-54.79 255 69.86
201 55.07 256 70.14
202 55.34 257 70.41
                                                                                                         311 85.20 365-100.00%
        9.59
                                       145 39.73
        9.86
                                                             201 55.07
202 55.34
203 55.62
                                                                                                         312 85.48
                  91 24.93
                                       146 40.00
      10.14
                  92 25.21
                                                                                                          313 85.75
                                                                                    258 70.68
259 70.96
                                       147 40.27
  38 10.41
                  93 25.48
                                                                                   200-71.239316 86.30
261 71.50 316 86.57
                                                                                                          314 86.03
  39 10.68 94 25.75
10-10.96 95 26.03
                                       148 40.55
                                                             204 55.89
                                       149 40.82
                                       149 40.82 205 56.16
150-41.10 206 56.44
151 41.37 206 56.44
152 41.64 207 56.71
   1 11.23 96 26.30
                                                                                    262 71.78
                                                                                                         318 87.12
   42 11.51
                  97 26.58
                                                                                    263 72.05
   43 11.78
                                       152 41.64
                                                             208 56.99
                   98 26.85
                                                                                                          319 87.40
  $\frac{11.78}{44}$ \frac{12.05}{12.33}$ \frac{100}{100} \frac{27.12}{153}$ \frac{141.92}{41.92}$ \frac{209}{209}$ \frac{57.26}{57.26}$ \frac{265}{72.60}$ \frac{15.42.19}{42.19}$ \frac{210-57.537}{265}$ \frac{265}{72.60}$ \frac{160}{46}$ \frac{12.60}{101}$ \frac{27.67}{155}$ \frac{42.47}{42.19}$ \frac{210-57.537}{210-57.537}$ \frac{266}{266}$ \frac{72.88}{72.60}$ \frac{17.15}{42.47}$ \frac{11.57.81}{212.58.08}$ \frac{266}{269}$ \frac{73.15}{73.15}$ \frac{18.13.15}{103}$ \frac{28.22}{28.22}$ \frac{157.43.01}{158}$ \frac{212.58.08}{258.36}$ \frac{268}{269}$ \frac{73.42}{73.70}$ \frac{13.42104}{28.49}$ \frac{12.58.43.29}{159}$ \frac{214.58.63}{215}$ \frac{58.90}{270-73.977}$ \frac{113.97106}{29.04}$ \frac{29.04}{160-43.847}$ \frac{216}{215}$ \frac{59.18}{270}$ \frac{270-73.977}{4.25}$ \frac{12.15}{216}$ \frac{12.15}{216}$ \frac{59.18}{270}$ \frac{74.52}{74.79}$ \frac{14.25107}{29.31}$ \frac{162.44.38}{163}$ \frac{218.59.73}{216}$ \frac{273.74.79}{275.07}$ \frac{164.44.93}{165}$ \frac{12.90-60.277}{276-75.627}$ \frac{165.45.217}{276-75.627}$ \frac{165.45.217}{276-75.627}$ \frac{165.217}{276-75.627}$ \frac{165.
                                                                                   264 73.33
   4 12.05 99 27.12
                                       153 41.92
                                                                                                          320-87.67%
                                                                                                          321 87.94
                                                                                                          322 88.22
                                                                                                          323 88.49
                                                                                   269 73.70 324 88.77
270-73.977 325 89.04
271 74.25 327 89.59
272 74.52 328 89.96
                                                                                                          329 90.14
                                                                                                          330-50.41%
```

785.03-18 08.87-75.88 -06-18 81.81-18.85 56-15.34 110-50.11 57 15.08 111 80.41 11.67 45. 46.05 1914 EV. 62 TOL Ser SON BOLL 58 15.33 118 80.68 23. 37 Gru C1.13 8 Sq 158 45.08 24 GL-27 F80-76, 71 6354 GEL-32 DE 80.98 Dix 68-16.18 80-16.44411 81.28 87.19 862 80.07 180 48.10 630 170-46.88 88. 77 385 70 :88 6ab 115-81.51 TAI 46,85 F1 16,71 SC 16.99 116 31.78 172 47:12 ED.38 YLL 173 47,60 17:06 DE. SE 814 171 47.87 peins erd LB . VI CS 86 18.08 DE0-22.38 38.89 108 83.87 PER GU 80 134 28 88.56 888 73.50 848 93.70 21.55 ISB 87-18.36 8.56 68 18.63 182 88.42 76.8 55.84 689 79.16 648 05.97 034 64:11 600 79.65 349 94:56 18.83 18.90 18.83 38.70 179 48.04 08.11 00-79.45 04.58 08.18 08.81 4.88 72 19.45 125 34.75 4.85 72 19.75 126 34.88 4.83 76 80.00 127 86.78 80.48 838 em. 10 accion: 08 200 ES1 49.59 26. 69 122 70.48 Yes 70:08 585 182 49.88 83.80 494 80.68 15%8 95.34m 5.21 74 80.87 PEB 35.07 185 50.14 75 20.55 189 35.51 586 50.41 80 50.88 180-85.68 50.68 258 65.46 ties 80,60 Day 50,60 340-65,759 250-95-89 206 81.10 041 80.03 297-81.37 1.96 ISG 88.03 88.03 88.03 88.03 88 VV 8.93 77 132 76.16 18 51.51 26.85 56.57 18 78 98.85 85.85 76.85 76.85 98.86 87.85 86.85 76.86 87.86 87.86 87.86 87.86 87.86 87.86 86.86 87.87 87.87 82 22 47 128 37.28 182 52.60 PAT 67.67 608 85.01 857 97.51 88 22,74 127 37,85 nes 52.68 27.94 804 86.09 258 98.06 84.8 el 34.95 145 29.73 84.08 20 21.07 501 50,97 PEG 857 7d.el Els 83.76 00,01.8.1 65, 48 804 YS.OF TEL 10.65 51.65 50.65 IS. 38 80 85 .85 48 94 25.75 P46 40.55 78. 88 818 86.87 SH 85 28.0% P49 40.82 DUS 56.18 69.88 TI 90.IT 183 08.83 88 87,47 338 PEL AL.ST 518 87.18 519 87.40 207 56,71 88.38 76 100 50.99 906 70.05 618 87.10 100 57.26 984 73.23 500-87.40 110-57.58 985 78.60 500-87.60 88.85 99 155 41.98 81.79 86 100-27.404254 318.19 11 57.61 566 72.88 561.97 11 67.96 11 67.96 11 67.96 156 ak.74 18.60101 54.81 8 13.15102 27.94 8 13.15103 28.22 62,85 856 208 73.42 L57 43.0L 588 88.77 95.88 519 61.88.401RA.81.8 200 73.70 158 45.29 80:08 ds8 88.88 418 270-73.97 04.3. 90105 28.77 159 .2.50 215 58.90 18.68 893 20.88 725 68.17 176 18.87 00 PG.61 160-15.808 31.60 31 11.5:407 39.31 33.47 and JI. 1 184 29.08 838 ELT 59,45 BL9 17 13 162 41.05 119 60.00 614 70.07 165 45.21 170-60.87 11,08 888 28. 40 631 gas. es eo. 5.53-068

PELPOP OF PHARMACY

OF BUSINESS ADMINISTRATION, NA

#### MASSACHUSETTS COLLEGE OF PHARMACY

#### REFRESHER COURSE

May 1950

Raymond A. Gosselin

## THE MASSACHUSETTS COLLEGE OF PHARMACY PRESCRIPTION SURVEY, 1949

The following is a condensed report of the findings of the second Massachusetts College of Pharmacy Prescription Survey conducted by the Department of Business Administration. The tables that follow show the results of the survey for the state of Massachusetts and for cities and towns in five population groups. Comparison tables showing Massachusetts findings for 1947 and 1949 are also provided. These clearly show the changes which have taken place in prescription averages and statistics since 1947.

The 1949 survey was conducted according to the general plan developed in the survey carried out in 1947. A total of 5,136 new prescriptions taken from 107 drugstores located throughout the state were studied and classified in the course of this project.

The drugstores from which the prescriptions were selected were chosen on the basis of a stratified - random sample. Individual stores were selected at random from within five population strata in proportion to the total drugstore distribution within each strata. The data collected for each group was then combined and averages and statistics for the entire state were computed.

Prescriptions were taken equally from the four quarters of the year to moderate seasonal influences. Refilled prescriptions were purposely excluded so that the statistics derived from this survey would be indicative of the types of prescriptions written in 1949 only. As a result of this sampling procedure, identical comparisons with the 1947 survey are possible. Comparisons with earlier M.C.P. surveys, which although of a more restircted nature, enable certain definite longer-term prescription trends to be observed.

The Department of Business administration wishes to publicly thank the retail druggists of the state of Massachusetts for their fine cooperation in allowing us to copy prescriptions from their files and in assisting in other ways. The success of a project of this scope is directly attributable to just such cooperation.

Massachusetts College of Pharmacy Prescription Survey: for 1947 & 1949 by R. A. Gosselin and J. H. Goodness of the Dept. of Business Admir.

#### MASSACHUSET IS COLLEGE OF PHARMACY

RAPPESHER COURSE

Raymond A. Gosselin

May 1950

# THE MASSACHUSETTS COLLEGE OF PHARMACY PARSCELPTION SURVEY, 1949

The following is a condensed report of the findings of the second Massachusetts College of Pharmacy Prescription Survey conducted by the Department of Business administration. The tables that follow show the results of the survey for the state of Massachusetts and for cities and towns in five population groups. Comparison tables showing Massachusetts findings for 1947 and 1949 are also provided. These clearly show the changes which have taken place in prescription averages and statistics since 1947.

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Prescriptions were taken equally from the four quarters of the year to moderate seasonal influences. Hefflled prescriptions were purposely excluded so that the statistics derived from this survey would be indicative of the types of prescriptions written in 1949 only. As a result of this sampling prec edure, identical comparisons with the 1947 survey are possible. Comparisons with earlier M.C.F. surveys, which although of a more restircted nature, enable certain definite longer-term prescription trends to be observed.

The Department of Business administration wishes to publicly thank the retail druggists of the state of Massachusetts for their fine cooperation in allowing us to copy prescriptions from their files and in assisting in other ways. The success of a project of this scope is directly attributable to just such cooperation.

West a Tree college of Phermacy Prescription Server 1947 & 1949

# MASSACHUSETTS COLLEGE OF PHARMACY PRESCRIPTION SURVEY. 1949

A	 .Massachusetts (Stat	te totals)
B	 .Over 500,000 (Bosto	on)
C	 .100,000 to 500,000	
D	 .50,000 to 100,000	
E	 .10,000 to 50,000	
	.Under 10,000	

				E F	
			10.1	5 3B	95 .
61.8%	59.9%	63.3%	62.8%	61.7%	61.9%
8.0	7.9	7.2	8.6	8.8	6.9
69.8	67.8	70.5	71.4	70.5	68.8
30.2	32.2	29.5	28.6	29.5	31.2
10.6	10.4 4.9 3.0 1.0	11:2 4.6 2.6 1.8	8.8 5.4 3.7 2.1		
17:18 E				- 3	le .
40.9% 26.4 9.4 6.2 1.8 0.5 5.5 0.5 0.3	43.3% 26.1 8.9 7.8 6.2 1.8 0.5 0.2	39.7% 27.3 10.5 6.4 5.3 1.1 0.6 0.6 0.2 0.6	42.4% 7.8 7.8 9.8 7.8 0.8 0.9 0.6	41.5% 25.3 8.9 7.7 6.9 1.0 1.1 0.5 0.5	35.7% 29.6 11.6 7.0 6.4 1.3 0.3 0.3 0.9
	8.0 69.8 30.2 79.7% 10.6 5.2 2.8 1.2 0.4 0.1 40.9% 26.6 9.4 7.6 6.2 1.2 0.5 0.5 0.5	8.0 7.9  69.8 67.8  30.2 32.2  79.7% 80.2% 10.6 10.4 5.2 4.9 2.8 3.0 1.2 1.0 0.4 0.5 0.1  40.9% 43.3% 26.6 26.1 9.4 8.9 7.6 7.8 6.2 6.2 1.8 0.8 0.8 0.5 0.5 0.5 0.2 0.3 0.2	8.0 7.9 7.2  69.8 67.8 70.5  30.2 32.2 29.5  79.7% 80.2% 79.0% 10.6 10.4 11.2 5.2 4.9 4.6 2.8 3.0 2.6 1.2 1.0 1.8 0.4 0.5 0.6 0.1 0.2  40.9% 43.3% 39.7% 26.6 26.1 27.3 9.4 8.9 10.5 7.6 7.8 6.4 6.2 6.2 5.3 1.2 1.8 1.1 0.8 0.8 0.6 0.5 0.5 0.6 0.5 0.5 0.6 0.5 0.2 0.2 0.3 0.2 0.6	8.0 7.9 7.2 8.6  69.8 67.8 70.5 71.4  30.2 32.2 29.5 28.6  79.7% 80.2% 79.0% 79.3% 10.6 10.4 11.2 8.8 5.2 4.9 4.6 5.4 2.8 3.0 2.6 3.7 1.2 1.0 1.8 2.1 0.4 0.5 0.6 0.7 0.1 0.2  40.9% 43.3% 39.7% 42.4% 26.6 26.1 27.3 26.3 9.4 8.9 10.5 7.8 7.6 7.8 6.4 9.0 6.2 6.2 5.3 5.8 1.2 1.8 1.1 0.7 0.8 0.8 0.6 0.8 0.5 0.5 0.6 0.4 0.5 0.2 0.2 0.9 0.3 0.2 0.6 0.6	30.2 32.2 29.5 28.6 29.5  79.7% 80.2% 79.0% 79.3% 79.4% 10.6 10.4 11.2 8.8 10.9 5.2 4.9 4.6 5.4 5.7 2.8 3.0 2.6 3.7 2.8 1.2 1.0 1.8 2.1 0.8 0.4 0.5 0.6 0.7 0.1 0.1 0.2 0.3  40.9% 43.3% 39.7% 42.4% 41.5% 26.6 26.1 27.3 26.3 25.3 9.4 8.9 10.5 7.8 8.9 7.6 7.8 6.4 9.0 7.7 6.2 6.2 5.3 5.8 6.9 1.2 1.8 1.1 0.7 1.0 0.8 0.8 0.6 0.8 1.1 0.5 0.5 0.6 0.4 0.6 0.5 0.2 0.2 0.9 0.5 0.3 0.2 0.6 0.6 0.3

# MASSACHUSETTS COLLEGE OF PHARMACY PRESCRIPTION SURVEY. 1949

(efetod	A
1 a read or	B
	C100,000 to 500,000
	D50,000 to 100,000
	E
	P

F	3	a a	0	В	A	HASSIFICATION
		U-1972-1-3				. R INGREDIENTS:
\$6.19	61.7%	\$8,50	63.35	59.92	61.85	Proprietary items, solely
6.9	8.8	8.6	7.2	709	0.8	Mixed (proprietary and non-proprieta)
8.83	70.5	11.15	2.07	8.70	8.93	Total R's containing proprietaries
31.2	2.95	28,6	2.88	32.2	30.2	Non-proprietary items, solely
						NUMBER OF INGREDIENTS:
11:3	8.0	8.8 5.7 2.7	11:2 4.6 2.0 1.6	1004	10.6 5.2 2.8 2.8	One Two Three Four Five Six Seven
						FORMS OF MEDICATION:
00000000000000000000000000000000000000	\$2.50 0.00 1.00 54.50 54.50 54.50 54.50	20000000000000000000000000000000000000	0000124503	26.1	2001.00 0001.00 0001.00 0001.00 0001.00 0001.00	Tablets Liquids Capsules Drops Ointments Powders Sprays Suppositories Ampules

#### PRESCRIPTION SURVEY, 1949

#### POPULATION GROUPS:

CL	ASSIFICATION	A	В	C	D	E	F
+•	COMPOUNDING:	MUL I					
	Required Not Required	19.8%	19.4%	19:9%	20.3%	20.2%	18.9%
5.	COMPOUNDING REG BY QUARTERS OF YEAR:	QUIRED THE	2 . 9,		1147		
	First quarter Second quarter Third quarter Fourth quarter	15.7	22:0% 21:7 15.3 18.7	24.2% 18.7 15:9 21.0	25:0% 19.4 16.1 20.6	25.8% 21.1 17.4 16.4	20:2% 26:8 11.9 16.7
6.	COMPOUNDING REFOR THE COMMON OF MEDICATION:		.53 (3.	50 (1.4)		6.51	J1 450
	Liquids Drops Ointments Capsules Tablets	45.5% 41.5 21.6 8.5 0.5	43.6. 21.6 10.2 0.8	46.2% 31.3 24.1 9.4 0.5	45.5% 41.5 26.2 5.4 0.3	49.6% 39.8 22.4 6.6 0.3	37.7% 55.3 11.6 10.3 0.4
7.	PRESCRIPTIONS CONTAINING:	ALL THE					
	Narcotics Barbiturates Vitamins Sulfonamides Penicillin Antihistaminic Hormones +Antibidtics	17.1% 11.9 10.1 9.1 7.8 5.8 4.3	17.8% 12.6 9.3 9.5 7.5 1.4	13.8% 11:9 10:1 10:0 6.9 4:9 4:7 2.0	19.3% 11.8- 9.6 9.3 7:52 4:3	17.5% 11.7 11:1 8.3 8.4 7:0 4:9 2.6	17.45 11.5 9.8 8.5 8.8 7.6 2.8 1.6

## PRESCRIPTION SURVEY, 1919

totale	(State	side	BUC	aci	Rask					 ×		•		5 6	-
	Boston	000	1.00	150	rove		4	2-8							
	000.0	500	ाउं (	100	T007				1		6				
	000	100,	03	000	200	0 2				 ė			9.		
	000	50,0	03	000	10%									0 1	
		000	1.01	17	Unde							 8			

		45 114				
CLASSIFICATION	A	В	0	a	E.	
t GOMPOUNDING:						
Required Not Required	19.85	89.8	19.92	20.38	29.85	18.92 18.92
S. COMPOUNDING BY QUARTERS YEAR:	EQUIRED F THE					
Pirst quarte Second quart Third quarte Fourth quart	r 21.3	22.05	21.0 18.7 21.0 21.0	25:05 10:1 10:1 20:6	25.85 21.1 21.1 16.1	25.05
S COMPOUNDING FOR THE COMMO	W ROHALS					
Liquids Drops Ointments Capsules Tablets	0.55	11.78 13.6 20.2 20.2 0.8	9.5 80.5 81.3 82.94	15.5% 142.5% 26.25 50.4 0.4	49.62 39.6 22.4 22.4 0.0	37.75
7. PRESCRIPTIONS CONTAINING:						
Narcotics Barbiturates Vitamins Sulfonamides Panicillin Antihistamin Hormones +Antibiddics	1.9 2.1 1.9 1.9 1.9	# 0 1 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	54.1.00 10.0	11.00-00-00-00-00-00-00-00-00-00-00-00-00-	0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.0	00000000000000000000000000000000000000

## PRESCRIPTION SURVEY, 1949

A	otals)
B	
C	
D50,000 to 100,000	
E10,000 to 50,000	
F	

CLA	SSIFICATION	A	В	C	D	E	F
3.	METROLOGY SYSTEMS:					-	
	Arithmetic count Apothecary Metric Metric with Apoth.	56.5% 38.3 5.0 0.2	57.7% 37.7 4.5 0.1	55.3% 36.9 7.5 0.3	57.1% 37.8 4.8 0.3	57.5% 37:5 4.7 0.3	53.1% 44:1 2.8
	LANGUAGE OF INGREDIENTS:						
	English with Latin Latin	90.6%	90.7% 7.8 1.5	8.1	89.2%	91.3% 7.5 1.2	89.9% 8.5 1.6
10.	AVERAGE PRESCRIPT: PRICES:	ION	1,06		i ka	1	1,20
	Average price	\$1.58	\$1.50	\$1.66	\$1.64	\$1.57	\$1.52
	Modal or most common price	1.25	1.25	1.00	1.25	1.00	1.25
	Median or middle price	1.25	1.25	1.25	1.25	1.25	1.25
11	AVERAGE PRESCRIPTI PRICES BY QUARTERS THE YEAR:		2.53 2.25 2.35 2.35	1.70 1.70			1.91 1.39 1.39 2.00
	First quarter Second quarter Third quarter	\$1:47 1:60 1:62	\$1:42 1.55 1.49	\$1:45 1:72 1:69	1.52	\$1:51	\$1:47 1:43 1:67

## PRESCRIPTION SURVEY, 1949

totals	1933	8201	233	esn	dos	Mass.	0	0 0	B		8 8	-	18		8	0	è	B
	100	1200	1 00	040	OC	revo.	. 0	0 0	0	8	0 0				4	8	0	3 6
	- 1	300 x	200	03.1	000	LOO.										-	8	. 5
		000	100,	03	00	50,0						. 8	8					.0
		0.01	50,0	to	00	,10,0			100				0	0 0				3
41			00	0.0.	f n	Unde.		9 9										9
						* * *					7.5				-	*	7	

Perre	*****	mU	der 10,0	000		
MASSIFICATION	A		0	Ď	3	4
METHOLOGY SYSTEMS:						
Arithmetic count Apothecary Metric Metric with Apoth:	56.55 38.3 5.0 0.2	37.78	35.38	37.15	37.55	21.8
LANGUAGE OF INGREDIENTS:						
English with Latin Latin	8.0 8.0 1.4	90.78	0.9 1.8 50.16	89.25	2.2	89.98
10. AVERAGE PRESCRIPT						
Average price	61.58	\$1.50	\$1.66	\$1.64	\$1.57	\$1.52
Model or most	1:25	1.25	1.00	1,25	1,00	1.25
Median or middle price	1,25	1.25	1.25	1,25	1.25	1.25
11.AVERAGE PRESCRIPTI PRICES BY QUARTERS THE YEAR:	OF					
First quarter Second quarter	\$1.60	1.55 51:10	7.72	1.52	13:10	1:13 1:13

出出	13:10	1.52	1.72	1.55	21.60	First quarter Second quarter
1.50	1.57	1.85	1.76	1.58	1.52	Third quarter Pourth quarter

# PRESCRIPTION SURVEY, 1949

A	Massachusetts (State totals)
B	Over 500,000 (Boston)
C	100,000 to 500,000
D	50,000 to 100,000
E	10,000 to 50,000
F	

CLASSIFICATION	A	В	C	D	E	F
PRESCRIPTION AV PRICES BY FORM MEDICATION DISP	OF	9				
Tablets Liquids Capsules Drops Ointments Powders Sprays Suppositories Ampules Pills	\$1.67 1.42 2.42 1.08 1.12 1.78 1.19 1.90 3.93 1.22	\$1.65 1.34 2.15 1.05 0.97 1.99 1.14 1.93 3.18 0.88	\$1:70 1.53 2.61 1.07 1.22 1.90 1.20 2.58 3.65 1.18	\$1.75 1.45 2.60 1.13 1.14 1.09 1.01 1.70 4.02 1.96	\$1.63 1.45 2.62 1.09 1.10 1.89 1.19 1.52 4.03 0.78	\$1.67 1.30 2.06 1.08 1.15 1.34 1.73 1.95 4.04 1.25
All others	1.22	1.06	1.22	1.26	1.20	1.20
PRESCRIPTION AVER PRICES BY SELECTINGREDIENTS:  Narcotics Barbiturates Vitamins Sulfonamides		\$1.34 1.28 2.01 1.41 2.53 1.34	\$1:46 1.44 2.69 1.43 2.15 1.25	\$1.64 1.45 2.34 1.37 2.30 1.40	\$1.41 1.25 2.22 1.33 2.47 1.33	\$1.33 1.55 2.58 1.47 1.91 1.35
Penicillin Antihistaminics Hormones	s 1.33 1.94	2.00	1.99	1:71	1:98	1:85

# PRESECUTION SURVEY, 1949 - E TALL COLLEGE

	DOTTO	2994	2016		2711	
1.86	OUPS	228	ELC:	720	42 127	.0%

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	(Boston)	00;000	1000.			* *						。日	
	000,00	37 03	000,00.	 0	90					- 8	•	. (1	
	0004	) C 01	.10,000			2 0	12	0 6	0	.0	G	G 61	

7	3	D		В	Α	CLASSIFICATION .
					50	12. PHESCRIPTION AV PRICES BY FORM MEDICATION DISI
1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00	1.63 1.00 1.00 1.10 1.10 1.00 1.00 1.00 1.0	1.00	\$1.70 2.53 1.53 1.07 1.20 1.20 1.20 2.54 1.10	01.65 1.05 1.05 1.05 1.05 1.05 1.05 1.05 1.0	\$1.67 2.42 2.42 1.08 1.12 1.12 1.12 1.12 1.12 1.22	Tableta Liquida Capsules Drops Ointments Fowders Suppositeries Aspules
1:20	05.1	1.26	1.22	1.06	1,22	All others

# DRICES BY SELECTED INGHEDIENTS:

1.25 1.55	Glied -	2.59	\$1.43 \$1.34 1.36 1.28 2.40 2.01	Narcotics Barbiturates Vitamins Bulfonamides
3.65 2.00	1.40	1.25	2.32 2.53 1.34 2.00 1.94 2.00 3.02 2.25	Penicillin Antihisteminics Hormones

(+Antiblotics other than penteillin)

Tables, Page 5

COMPARISON OF FINDINGS - M.C.P. R SURVEYS FOR 1947 AND 1949

CLASSIFICATION		CHUSETTS 947	STATE TOTAL 1949	Increase	HANGE Decrease
1. B INGREDIENTS	3:				
Proprietarie solely	es, 5	4.7%	61.8%	+7.1%	
Mixed (Prop. Non-pr TOTAL PROP.	and cop.)	8.5 3.2	8:0	+6.6	-0.5%
Non-propriet solely	taries,	6.8	30.2		-6.6
2. NUMBER OF INGREDIENTS:		1.9	- 6.5		
One Two Three Four Five Six Seven Eight	1	6.7% 1.5 5.9 3.5 1.7 0.5 0.1 han 0.1	79.7% 10.6 5.2 2.8 1.2 0.4 0.1	+3.0%	-0.9% -0.7 -0.7 -0.5 -0.1 ss than 0.1
3. FORMS OF MED: DISPENSED:	ICATION				
Tablets Liquids Capsules Drops Ointments Powders Sprays Suppositorie Ampules Pills	2	6.0% 7.3 0.9 9.8 6.3 1.5 0.8 0.3	40.9% 26.4 6.2 2.8 5.5 5.3	+4.9%	-0.7% -1.5 -2.2 -0.1 -0.3
All others	I Marab (12)	6.5	6.0		-0.5

Decreas	Thorong	6461	MASSACHUSETTS 1947	ASSIFICATION
				& INGREDIENTS:
	21.74.	28.20.	St. 18	Proprietariss, solely
-0.5%	2.34	-0:8: ····	S. F	Mixed (Prop. ar Non-prop. TOTAL PROP. R
0.0.		30,2	8.86.88	Hon-proprietari solely
				WULLIR OF INGHEDIENTS:
7.0-	20.84.	2.01 2.01 37.00		One Two Turne Four
=0.5 =0.1 es then 0.	eJ.	1.0	1.7 5.0 1.0 1.0	Five Six Seven Eight i
			nor	FORMS OF MEDICAL DISPENSED:
-0.78 -1.5 -2.2	\$6.74	40.95 20.6 2.6 2.6 2.6	26.05	Tablets Liquids Capanies Dropa
1.0-	\$.04 \$.04	5.0	8.0 8.0 8.0 8.0	Ointments Powders Sprays Suppositories Amaules
2.0-	-	0.3	2.0.	Pills All others

## COMPARISON OF FINDINGS

LASSIFICATION MA	SSACHUSETTS	STATE TOTALS	CHA	
	1947	1949	Increase	Decreas
. COMPOUNDING:				
Required Not Required	23.0% 77.0	19.8%	+3.2	-3.2%
• COMPOUNDING REQUIRED FOR THE COMMON FOR OF MEDICATION:				
Liquids	50.2%	45.5%		-4.79
Drops Ointments	36.3	21.6	+5.2	-3.9
Capsules	25.5	8.5		-1.9
Tablets	0.9	0.5		-0.4
. PRESCRIPTIONS CONTAINING:				
Narcotics	17.4%	17:1%		-0.39
Barbiturates	10.2	11.9	+1.7%	
Vitamins Sulfonamides	11:5	10:1		-1:4
Penicillin	6.4	9.1 7.8	+1:4	-2.4
Antihistaminics	2.1	7.8 5.8	+3:7	
Hormones	3.3	4.3	+1:0	
+Antibiotics	1.3	1.9	+0.6	
(+Antibiotics other	r than penic:	illin)		
. METROLOGY SYSTEMS				
Arithmetic count	51.2%	56.5%	+5.3%	£ 1.
Apothecary Metric	44.7	38.3	+1.1	-6.4
Metric with Apoth	3.9 0.2	0.2	1000	
. LANGUAGE OF INGRE	DIENTS:			
English	82.3%	90.6%	+8.3%	
English with Lati	n 15.0	8.0	111.34	-7:0
Latin	2.7	1.4		-1.3

#### COMPARISON OF FINDINGS

NGE Decreas	CHA Increase	STATE TOTALS	MASSAGHUSETTS 1947	LASSIPIDATION
				COMPOUNDING:
35.8-	+3.2	19.88	23.08	Required Not Required
				. COMPOUNDING REQ FOR THE COMMON OF MEDICATION:
-3.9	*5.2	45.5% 21.6 21.6 8.5 8.5	36.3 36.3 36.3 36.3	Liquids Drops Ointments Capsules Tablets
				PRESCRIPTIONS CONTAINING:
-0.39 -1.1: -2.1:	+1.75 +3:7 +0.6	1.01	13.20	Mercotics Barbiturates Vitamins Sulfonamides Penicillin Antihistaminica Hormones +Antibiotics
		(nllln)	her then penie,	(+Antiblotics ot
			188	. NETROLOGY SYSTEM
-6.45	+5.35	56.5% 38.3 5.0 0.2	Lettel	Arithmetic coun Apothecary Netric Metric with Apo
			REDIENTS:	. LANGUAGE OF INGH
-7:05	₹£.8+	90.6€ 8.0 1.4	82.35 tin 15.0 2.7	English English with Let Letin

## COMPARISON OF FINDINGS

CLASSIFICATION	MASSACHUSETTS 1947	STATE TOTALS 1949	Increase CHAI	GE Decreas
AVERAGE PRESCR	RIPTION			
PRICES:		43.00		
All prescripti	ons:	4		
Average price	\$1.42	\$1.58	+\$0.16	
Wadal		- 7		
Modal or most	1.00	1.00	+0.25	
common price	1,00	1.25	70.25	
Median or				
middle price	1.15	1.25	+0.10	
			- 4	
PRICES BY FOR MEDICATION DE	RM OF			
Tablets	\$1.53	\$1:67	+\$0:14	
Liquids	1.32	1:42	+ 0.10	
Capsules	2:09	2.42	+ 0:33	
Drops	1.02	1.03	+ 0.06	
Ointments	0.98	1:12	+ 0:14	
Powders	1.38	1.78	+ 0.40	
Sprays	0.99	1,19	+ 0.20	
Suppositories	1.86	1.90	+ 0.04	
Ampules	2.76	3.93	+ 1.17	
Pills	1.08	1.22	+ 0.14	
All others	1.15	1.22	+ 0.07	
11. PRESCRIPTION PRICES BY SEI INGREDIENTS:				
Narcotics	\$1.29	\$1.43	+\$0.14	
Barbiturates	1.16	1.36	+ 0.20	
Vitamins	2.43	2.40		-0.0
Sulfonamides	1.25	1.39	+ 0.14	100
Penicillin	2.13	2.32	+ 0.19	JAN TO
Antihistamin		1.33	+ 0.09	
Hormones	1.69	1.94	+ 0.25	
+Antibiotics	1.09	3.02	+ 1.93	

ANGE Decreas	HO :esseconi	STATE TOTALS	ETTESUBDACEAL TARE	LASSIFICATION .
			MOI	AVERAGE PRESCRIPT
			11	All prescriptions
	+\$0.16	\$1,58	\$4.13	Average pulce
	+0.25	1,25	1,00	Model or most
	+0.10	1,25	1,15	Median or middle price
			HAGE MSED:	PRESCRIPTION AVE PRICES DY FORM O MEDICATION DISPE
	11:00+ 01:0 + 01:0 + 00:0 + 01:0 +	0.12 0.12 0.12 2.60 2.60	\$1.53 2.09 2.09 0.98	Tablets Liquids Gapsules Drops Ointments
	01.0 + 0.0 + 40.0 + 71.1 +	1.58 1.93 1.15 0.17	0.5.E 0.00 08.6 07.5 00.6	Preders Sprays Suppositories Ampules Pills
	+ 0.07	1.22	1.15	e recido IIA
				PRICES BY SELECT PRICES BY SELECT INCREDIBNTS:
20.0-	+0.14 +0.20 +0.14 +0.19 +0.19 +0.09 +0.09 +0.09	\$1.43 2.36 2.39 2.39 2.32 2.32 2.94 3.02	\$1.29 2.16 2.16 1.25 1.25 1.24 1.24 1.69	Marcotles Barbiturates Vitemins Sulfonamides Pentcillin Antibiataminics Hormones

#### MASSACHUSETTS COLLEGE OF PHARMACY

#### THE RIGHT OF THE PHYSICIAN TO DISPENSE DRUGS

May 1950

J.H. Goodness

#### PRESCRIPTIONS IN DRUG STORES (DRUG TOPICS SURVEY FOR 1949)

227,611,000 new Rxs filled in U. S. drug stores 2.56 prescriptions per capita

39.9% of the prescriptions were refills

16.1% of the total sales were from Rxs (new and refills) 2.1% fewer prescriptions were written by the average doctor than in 1948. (Population and doctors increased but prescriptions written did not increase

proportionately)

3.3 doctors per drug store

#### PHYSICIAN-OWNED PRESCRIPTION CLINICS

750 physician-owned drugstores in the U.S. (Dr.E.Little, 1948)

About 1.5% of all pharmacies are doctor owned (1949)

"The continued increase goes on without abatement." (R.Q. Richards, 1950)

#### (ECONOMIC) DISPENSING OF DRUGS BY PHYSICIANS (MEDICAL ECONOMICS SURVEY, 1947)

1929 --- 64% of doctors dispensed drug prescribed

1939 1943 1947

Breakdown for the year 1947 is as follows:

Population % of Drs. Dispensing

Under 5,000	77%
5,000 - 50,000	77% 55% 37%
50,000 - 500,000	37%
500,000 - 1,000,000	22%
1,000,000 and over	29%

"20 per cent of all drugs ordered by doctors are dispensed to the patient direct."

properties and Mil or con to de-

<sup>&</sup>quot; 2 per cent dispensed all of the (drugs ordered)."

#### MASSACHUSETTS COLLEGE OF PHARMACY

## THE RIGHT OF THE PRYSICIAN TO DISTENSE DRUGS

ssenbood. H. L

May 1950 "

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SOLNCH THE DISEASING OF DRACE BY MINSTOLYNR (MEDICAL ECONOMICS.

1929 --- bug of doctors dispensed drug prescribed

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Brackdown For Mie weer 1947 is an Follows:

Vader 5,000 77% 5500 77% 5500 39%

50,000 = 500,000 500,000 = 1,000,000 1,000,000 and over

"20 per cent of all drugs prdered by doctors are dispensed to the patient direct."

". (benebuo emura) end: To file beanegalb Joes reg S "

#### NET INCOMES AND INVESTMENT

A. Tournally	National averages: Independent PHYSICIANS (a)	PHARMACISTS (b)
For 1947 INVESTMENT NET INCOME	\$4,500.00 \$11,300.00	\$17,800.00
For 1949 INVESTMENT NET INCOME	orthe sych prescription was	\$17,100.00
To Drings (An	(a) Medical Economics Survey for 1947	(b) Lilly Digest for 1947 and 1949 progress report

SOME FORMS OF "PROFESSIONAL DISPENSING" OF DRUGS BY DOCTORS

(For public health reasons, no restrictions should be placed on this form of drug dispensing by doctors.)

1. All emergency, immediate-use drugs to the injured at bedside office treatment (some types)

2. Future-use supply of drugs when there is no pharmacy service because of

lateness of hour great distance to drug store lack of messenger similar emergencies

3. Future-use supply of drugs when the only pharmacy within a reasonable distance of the place of treatment or the home of the patient is unable to give adequate pharmacy service because of

very limited drug stock record of inefficiency or of unprofessionalism

4. All drugs furnished to poverty stricken patients at no cost (Doctor's charge for both service and drug does not exceed a reasonable amount, which does not exceed in total the medical-service-only fee charged by doctors in the same or similar localities.)

#### SOME FORMS OF "ECONOMIC DISPENSING" OF DRUGS BY DOCTORS

- Selling drugs in excess of emergency immediate-use needs to office patients
- 2. Selling drugs in excess of emergency needs to home-call patients when adequate pharmacy service is available
- 3. Using injection medication when oral dosages of the same drug are available and will produce an equivalent result under proper directions for use.
- 4. Charging the patient more than the actual cost of injection drugs used by the doctor.

#### MET THEOLESS AND INVESTMENT

PHARMACISTS (b):	National averages: Independent PHYSIOIAMS (a)	
\$17,800.00	\$4.500.00	TRYESTMENT NET INCOME
\$17,100.00:		INVESTMENT
(b) Lilly Pigest for 19h7 and 19h9 progress report	Survey for 1947	

SOME FORMS OF "PROPESSIONAL DISPENSING" OF DRUGS BY DOCTORS
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#### SOME FORMS OF "ROOMONGE, DISHENSING" OF DRUGS BY DOCTORS

- 1. Selling drugs in excess of emergency immediate-use needs to
  - 2. Selling drugs in excess of emergency needs to home-call patients when adequate phermacy service is available
- 3. Using injection medication when oral doseges of the same druare svallable and will produce an equivalent result under proper directions for use.
  - to Charging the patient more than the actual cost of injection drugs used by the doctors.

#### SOME CAUSES OF "ECONOMIC DISPENSING" OF DRUGS BY DOCTORS

#### To encouragement and opportunity:

- 1. Increasing number of combinations and forms of ready-to-use medications.
- Federal and state food and drug laws restricting certain drugs to written prescriptions (without a legal requirement to write such prescriptions when these drugs are needed)
- 3. Drugs (in addition to those restricted by law) restricted to "Rx-use-only" by drug manufacturers in place of labeling with adequate directions for use.
- 4. Sales pressure upon doctors to stock drugs for economic dispensing
- 5. First contact with potential drug users by the doctor in his "up stream" position in relation to the pharmacist
- 6. Complete confidence of the average patient in his doctor

#### To motive:

- 7. Economic (income-need)pressure on the doctor (whether self or society created) which cannot be met by standarized medical-service-fee income
- 8. Desire for larger returns with maximum control over income from investments

#### SOME FORMS OF ECONOMIC DISPENSING OPERATIONS

- 1. Drug inventory stored in doctors office
- 2. Drug store owned by doctor as sole owner and so advertised
- 3. Drug store owned by doctor, which uses a salaried pharmacist posing illegally as the owner
- 4. Drug store owned by a corporation the stock of which is owned by the doctor since the pharmacist, a nominal stock-holder has pledged both stock and its voting power to the doctor
- 5. Drug store owned by a pharmacist, but prescription income shared with the doctor on the basis of number of prescriptions filled

Prescriptions are channeled to the particular drugstore by such methods as the following:

telephoned in to drug store prescriptions written in private code (generally illegal under existing laws or regulations) the patient directed by the doctor to the particular drug store

## COME CAUSES OF "EGONOMIC DISPENSING" OF DINOS BY DOCTORS

#### To encouragement and opportunity:

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#### revision of

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particular drug store

# EXAMPLES OF RECENT LEGAL STEPS TO CONTROL ECONOMIC DISPENSING BY

- 1. ARIZONA, Board of Pharmacy Regulation (1949)
  Sale of drugs to doctors who are not registered pharmacists is forbidden.
  The regulation is based on the following statute:
  Section 67.1506 "It shall be unlawful for any person to manufacture, compound, sell, or dispense any drugs, poisons, medicines, or medicinal chemicals, OR TO DISPENSE OR COMPOUND THE PRESCRIPTIONS OF A MEDICAL PRACTITIONER UNLESS SUCH A PERSON BE A LICENTIATE IN PHARMACY OR A REGISTERED ASSISTANT PHARMACIST."
- 2. FLORIDA, Statute (1950)
  The physician may not use non-pharmacist employees to prepare medications for patients.
  465.07 "Nothing in this chapter shall be construed to prevent a legally authorized practitioner of medicine from practicing, dispensing, compounding for or giving any medicines or poisons to his patients in the regular course of his practice as such physician; PROVIDED, HOWEVER, THAT SUCH COMPOUNDING, PREPARING AND DISPENSING BE DONE BY THE PHYSICIAN HIMSELF...

SOME SUGGESTED METHODS FOR USE BY MEDICINE AND PHARMACY TO PRESERVE THE PROFESSIONS AND PROMOTE PROGRESS

#### Cooperation:

- 1. Continue to expand interprofessional relations on a high ethical plane
- 2. Increase the emphasis in teaching professional codes of ethics in both medical and pharmacy schools
- 3. Increase code of ethics enforcements in the professional associations

#### Legal:

- 4. Seek representation of medicine, pharmacy and where applicable, nursing on all governmental boards dealing with general public health
- 5. Clarify the prescription refilling question under the federal food, drug and cosmetic law (also the same type laws in the individual states)
- 6. Enforce pharmacy and medical laws to regulate illegal economic dispensing by doctors
- 7. Seek, where necessary, a single law to bar doctors from engaging in economic dispensing and pharmacists from practicing counter prescribing
- 8. Seek new statutes or enforce existing laws or regulations prohibiting the use of private-code prescriptions that do not accurately identify the prescribed drug to those trained in medicine or pharmacy

EXAMPLES OF RECENT LEGAL STEPS TO CONTROL ECONOMIC DISPENSING BY

ARIZONA, Board of Pharmacy Regulation (1949)

Sale of drugs to doctors who are not registered
pharmacists is forbidden.

The regulation is based on the following statute:
Section 67.1506 "It shall be unlawful for any
parson to manufacture, compound, sell, or dispense any drugs, poisons, medicines, or medicinal
chemicals, OR TO DISPENSE OR COMPOUND THE PRESCRIPTIONS OF A MEDICAL PRACTITIONER UNLESS SUCH A PEHSON BE A LICENTIATE IN PHARMACY OR A RESISTENCE
ASSISTANT PHARMACIST."

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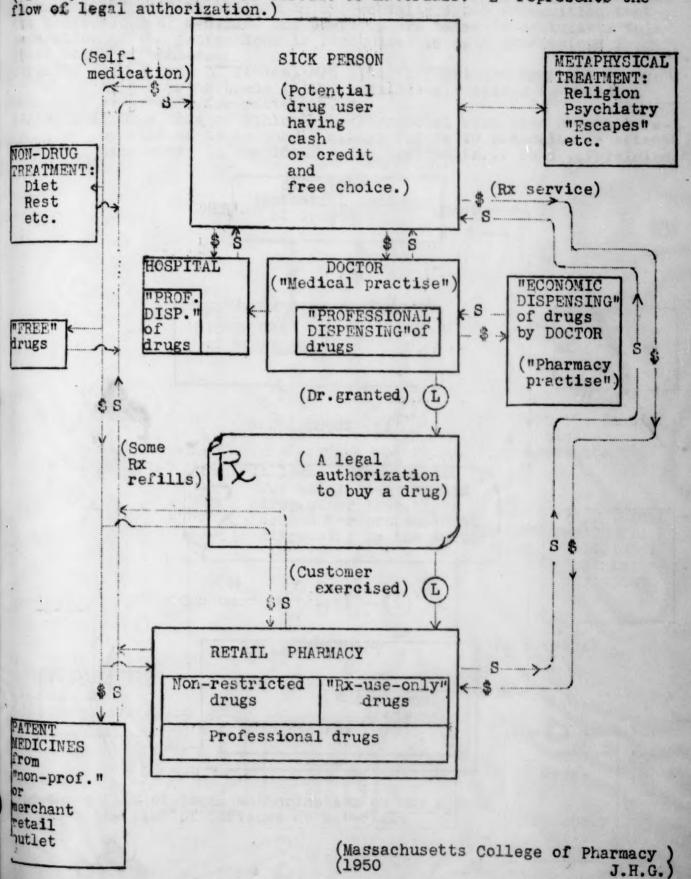
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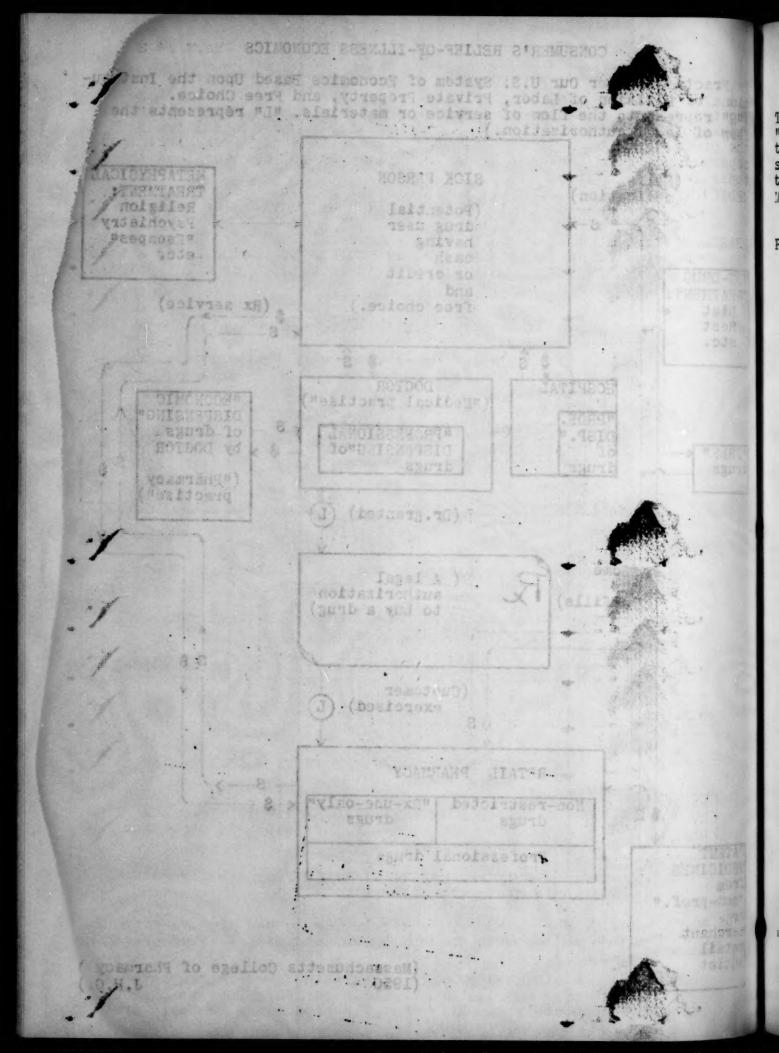
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As Practised Under Our U.S. System of Economics Based Upon the Institutions of Division of Labor, Private Property, and Free Choice.

("S" represents the flow of service or materials. "L" represents the





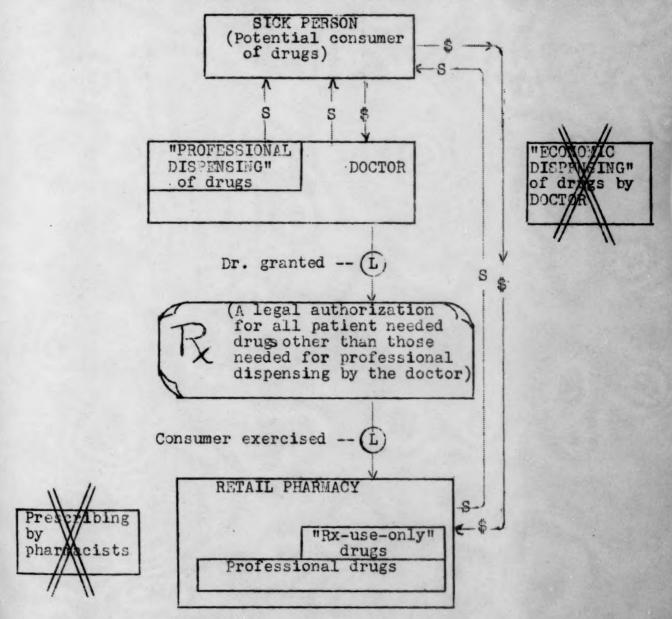
#### PROFESSIONAL DRUG DISPENSING

The traditional division-of-labor method of supplying drugs(other than "household" drugs) is built upon the socially sound recognition that the professions of medicine and pharmacy are mutually exclusive. This separation of the professions is recognized by both professions in their codes of ethics.

MEDICINE (A.M.A.Code of Ethics) "An ethical physician does not engage in barter or trade in the appliances, devices or remedies

prescribed for patients..."

PHARMACY (A.Ph.A.Code of Ethics) "The Pharmacist even when urgently requested so to do should always refuse to prescribe or attempt diagnoses. He should ...refer applicants... to a.... Physician."



"L" shows flow of legal authorization to use a drug shows the flow of services or materials

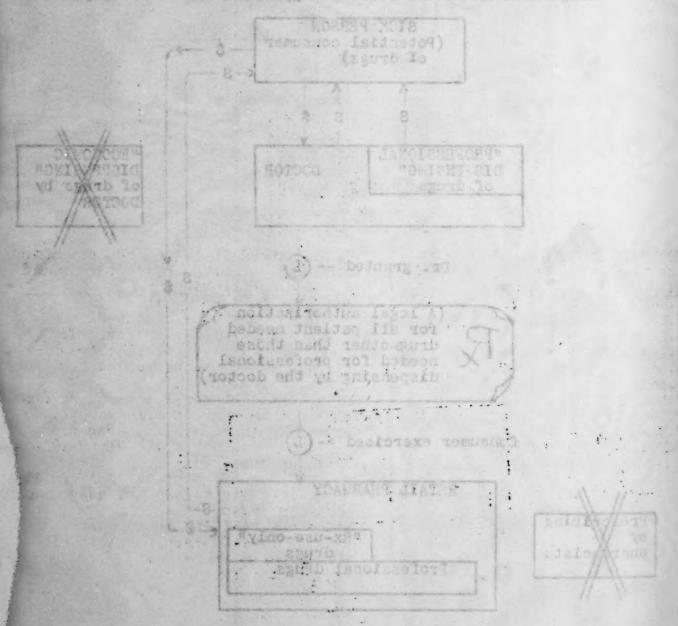
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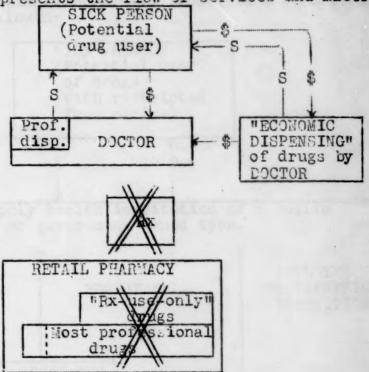
PARAMEY (A.Ph.A. Gode of Ethics) "The Pharmscist even when ungently reconsted so to do should slowlys refuse 35 prescribe of attempt disposes. He should ...refor applicants... to a... Physician."



"To show a lagal authorization to use a drug

#### DISTURBING EFFECTS OF ECONOMIC DISPENSING BY DOCTORS

The trend of economic dispensing by doctors if continued could easily result in many evils, economic, social, and legal, some of which are listed below. ("S" represents the flow of services and materials.)



ECONOMIC EVILS resulting from the "super-efficient" economic dispensing by doctors:

1. More drug store failures

2. More unemployment

3. Less drug wholesalers

4. Less drug manufacturers

5.Less pharmacy schools 6.Less research (private)

7. Less new drugs

8. Less free choice

9.Less public safety 10.Encouragement to

"socialize everything"

CONSUMER SUFFERED EVILS from economic dispensing of drugs by doctors would include the following:

1. No right to a Rx refill

2. No right to a copy of the Rx

3. No opportunity to shop for price

4. No opportunity to select a brand

5. No opportunity to use credit at the drug store

6. No independent check on drug or dose

7. Possible inferior pharmacy skill

8. No knowledge of name of drug used (Doctor need not write Rx or file it for legal use)

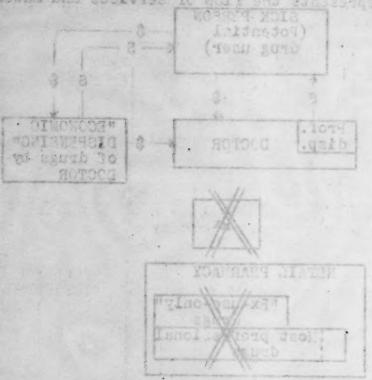
9. No evidence of malpractise if no Rx

10. No opportunity to support an economy of free choice

11. Increased taxation to support unemployment burden and loss of local business taxes.

## DISTURBING REFECTS OF SCONONIC DISPENSING BY DOCTORS

me trend of sconomic dispensing by doctors if continued could easily send to say, evils, sconomic, scolal, and legal, some of which are risted halos, (non represents the flow of services and saturies.)



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Communication of drugs by doctors would include the following:

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2.70 crisht to a copy of the fx

7.70 crisht to a copy of the fx

4.80 crishty to shop for price

3.16 opportunity to shop for price 4.No opportunity to select a brand 5.No opportunity to use orealt at the drug store

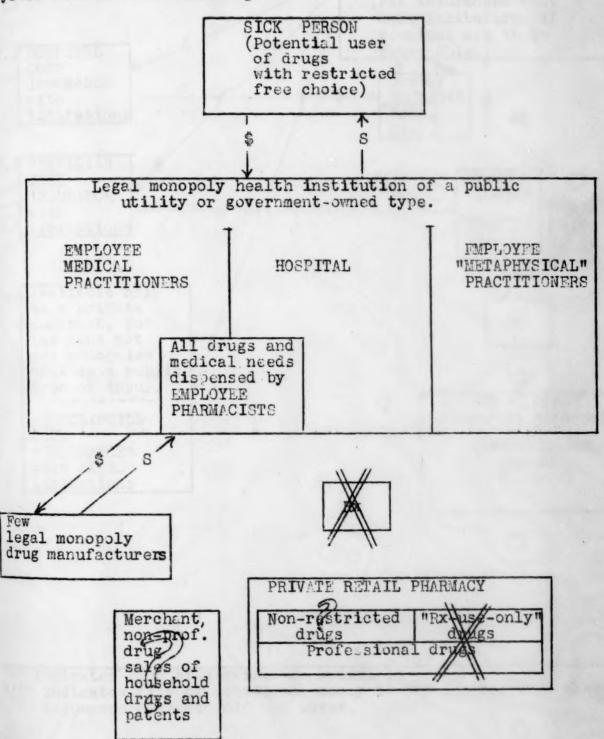
8. Yo independent check on drug or dose
7. Possible interior pharmacy skill
8. Yo knowledge of name of drug used
(Doctor necessor write Ex or file

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10. Wo opportunity to support an economy
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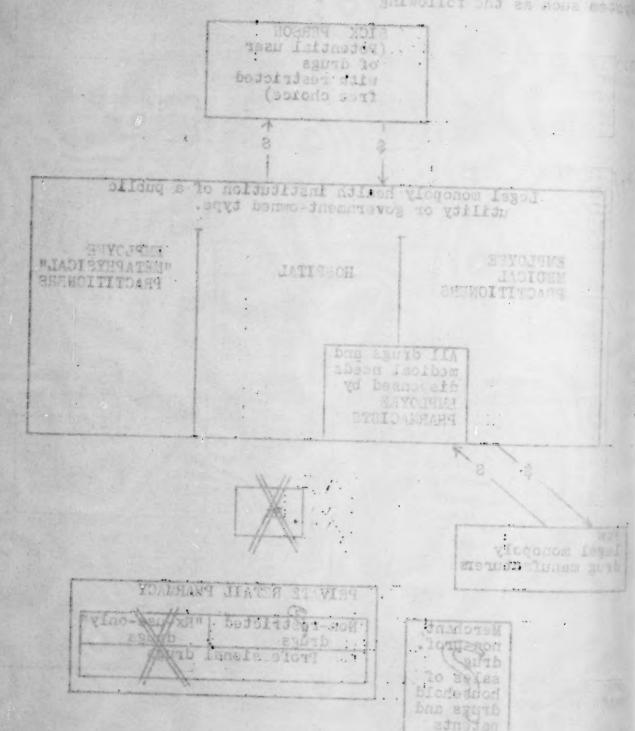
# THE FALLACY OF THE "ECONOMIC EFFICIENCY" ARGUMENT ADVANCED FOR ECONOMIC DISPENSING BY DOCTORS

If economic efficiency were the only goal in the economic side of health services, a logical ultimate conclusion would be a restricted free-choice system such as the following

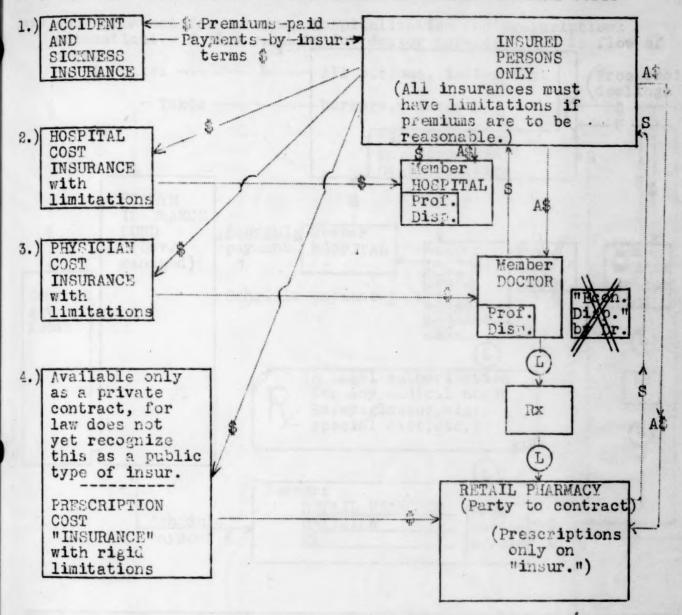


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recommic efficiency were the only goal in the economic aide of health articles, a logical mitiaate conclusion would be a restricted free-of ice



### AVAILABLE VOLUNTARY INCURANCE PLANS FOR MEETING MEDICAL COSTS



<sup>&</sup>quot;S" indicates flow of services or materials

<sup>&</sup>quot;At" indicates flow of additional money to pay for services that insurance payments did not cover.

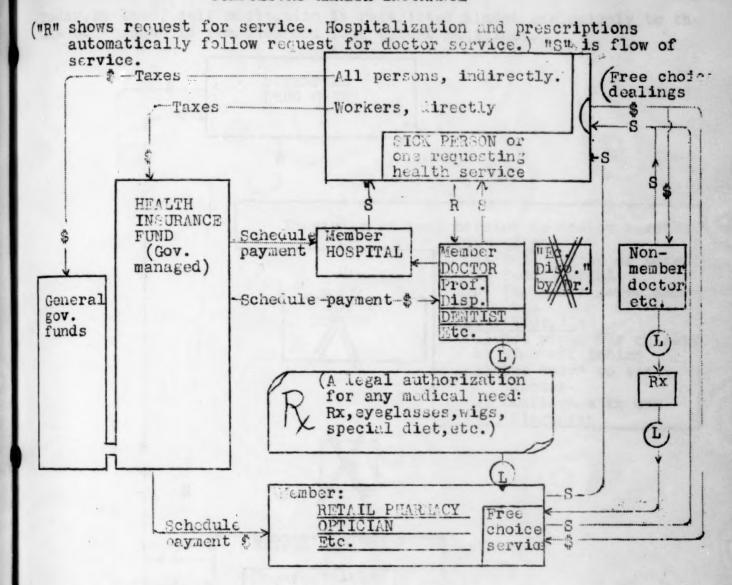
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SUCHTARY IN UTAMOR PLANS FOR SERVING MEDIUAL COSTS LITTLIAVA bisq and interpretation ACCIDENT INSURED --- Payments-by insur: AND THA PERSONS 3 amed SICHTESE SA YJWO: (All insurances must it anoisations aven od of sis sautasiq reasonable.) HOEFITAL INSURANCE JATTSSON La 1049 SJIL limitations Dis. Tedney HOTOCI IMPHRANCE. rist w . 1019 Lightstions 12 . Avillable only adevirg a sa doniract, for Jan does not vet recomise this as a public type of them. DAME ALS LIAMER Purty to contract PRESCRIPTION (Prescriptions MINGRAMURNING STATE HILL only on

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delight the of services or meterials adapted "8" to services that the services that "8" indicates flow of services cover, services payment ald not cover.

#### COMPULSORY HEALTH INSURANCE

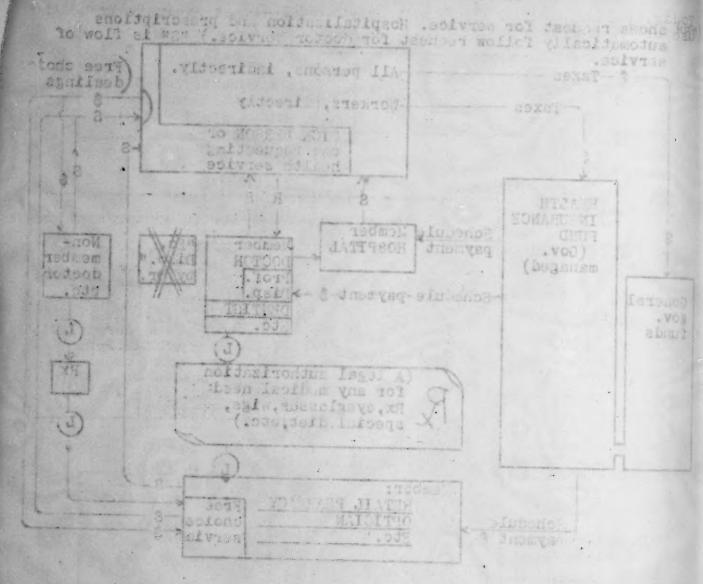


Under a compulsory health plan, the payment and the services received are not part of the same transaction.

What free choice exists is shown at the extreme right. (Not always allow

The goal of compulsory plans is always economic efficiency. Professions may suffer much until the plan is taken for granted by all.

## COM INSCREE HEALTH INSURANCE

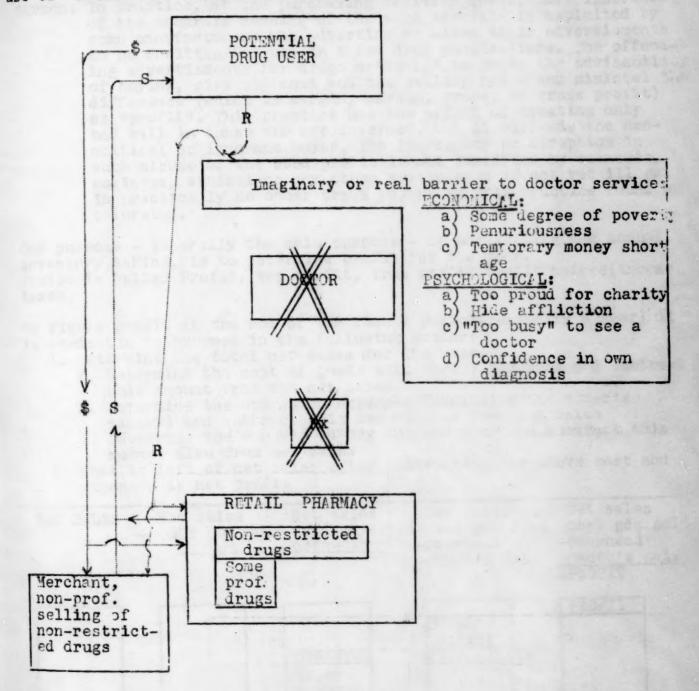


Order a compulsory health plan, the passent and the services received age not part of the same transaction.

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#### SOME CAUSES OF SELF MEDICATION

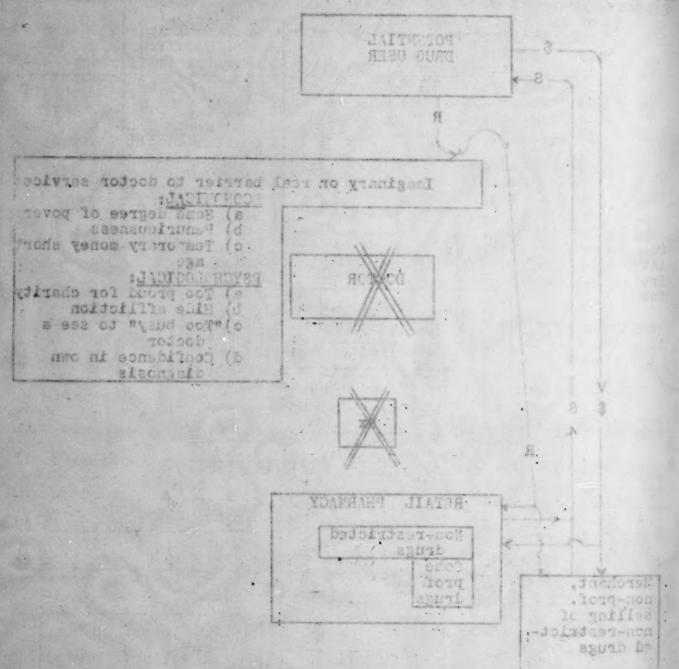
Today, by laws, self medication is restricted almost exclusively to the use of "household remedies and some patent medicines.



<sup>&</sup>quot;R" shows legal request for drugs
"S" shows flow of services or material

## SOME CAUSES OF SELF MEDICATION

roday, by laws, self medication is restricted almost exclusively to the



"A" shows legal request for drugs

All pharmacists do not figure annual drug store profit in the same way. Some "profit" figures are inaccurate.

sermon: In practice, at the purchasing activity level, this ignorance of the accurate meaning of the word "profit" is exploited by some manufacturers who advertise or allow their advertisments to be rewitten for use in a few drug publications. The offending advertisments for drugs or "deals", to prove the advisability of buying, give the cost and the selling price and mislabel the difference (which is margin, markup, gross, or gross profit) as "profit". This practice has the effect of creating only bad will in those who are informed, but it misleads the non-critical or ignorant buyer. The inaccuracy or deception in such misuse of the word "profit" is not justified by economic, business, ethical or any other system, even if not yet illegal. In practically no other trade papers is this practice found on tolerated.

One purpose - generally the main purpose - of bookkeeping and annual inventory taking, is to determine profit for the year.

Profit is called Profit, Net profit, True profit, Profit before (income) taxes.

To figure profit at the end of the fiscal period(generally a year) it is advisable to proceed in the following manner:

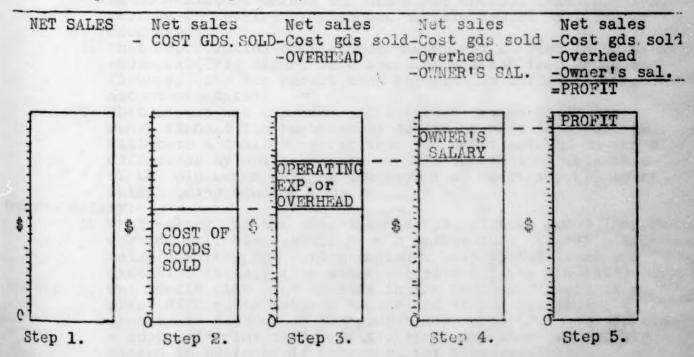
1. Determine the total net sales for the year.

2. Determine the cost of goods sold during the year and subtract this amount from the net sales

3. Determine the operation expenses (excluding the owner's salary) and subtract this amount also from net sales

4. Determine the owner's salary for the year and subtract this amount also from net sales

5. What is left of net sales after subtracting the above cost and expenses is net profit



(In marking up goods, the process is reversed. Theoretically, we add to cost of goods sold, the operating expenses, owner's salary and profit, and obtain the selling price.)

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Willia marking up goods, the process is reversed. Theoretically, we add to diedest of goods sold, the outsting expensous everts salary and profits, (vector guilling priors)

If net profit of a drug store is to be the basis upon which the value of a drug store is to be figured, the purchaser of the business must be particularly careful in establishing the method by which the "profit" was figured. The purchaser should finds answers for each of the following questions:

General: 1. Are books of account kept? (Examine them for system as much

as for accuracy of figures)

2. Are the annual stock and fixture inventories determined by estimate or physical means? (Estimates can be seriously in error.)

3. Were economic conditions of the locality and the nation much different from those you forcast? (Make necessary

adjustments in profit figure for the future.)

Net Sales:

1. Were net sales the result of activities the new owner wishes or can carry on? (Toys, food, liquor, etc.)

Cost of Goods Sold:

1. Was the stock inventory figure used in determining "profit" estimated or physically determined? (Obsolesence of Rx dept. items is already serious and will become more serious as present trends continue.)

2. Is stock saleable? (condition, sizes, etc.)

3. Was stock inventory fairly evaluated? (Methods: Cost?, Market cost?, Lowest of these two?) (Examine fire insurance coverage amount as some - but not conclusive - evidence of value)

Overhead Expenses:

1. What wages were paid - both as dollars and as a percentage of sales? (If unpaid or underpaid son, wife, or relative performed work whom the buyer must replace with costlier

help, the profit figure is inflated.)

2. What rent does the business pay? (If new owner must pay higher rent his profit will be lower. If old owner paid "no rent for I own the building", new owner's profit may be non-existent unless the old owner charged taxes, phirs, etc. to the business, when new owner's profit will be decreased)

3. What depreciation-of-fixtures amount was charged to business expenses? (This figure is frequently omitted from druggists figures, with the result that "profit" is inflated.) (Was

amount adequate?)

4. What amount was expended for interest expense? (If new owner frances the business by credit drawing interest, he will have a smaller profit than old owner mad. The amount of difference by which the new owner's interest exceeds that of the old owner will be the amount of decrease, all other things being equal.)

Owner's Salary:

1. What salary did the proprietor or proprietors draw? (Owners working full time should draw a better than average pharmacist's salary, for duties included both professional and executive tasks.) (Low owner salaries inflate "profit")

Profit: 1. Was profit withdrawn or left in the business? (There is a great difference between "make" and "take" profit.

Inaccurate records or management may easily fail to disclose a supposed "reinvested profit". "Take profits" are quickly missed in business if they were not true profit.)

Other questions concerning profit are satisfactorily answered if records disclose a reasonable consistency from year to year for sales, credit

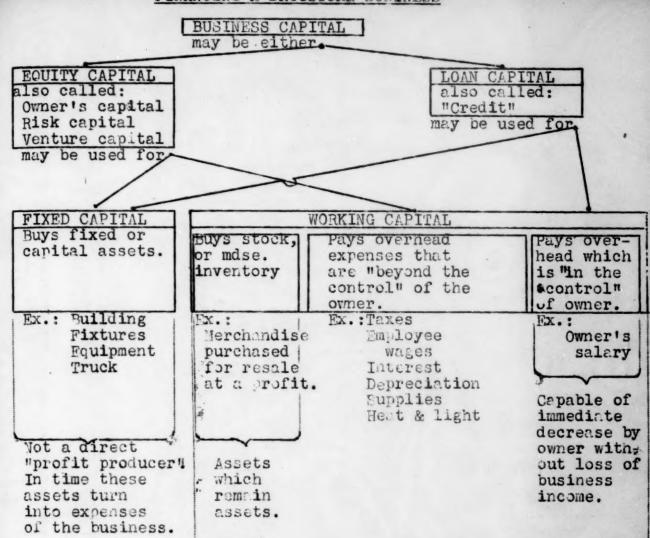
sales, purchases, borrowings, repairs, utility costs, etc.

Use average profit for several years. Adjust for economic changes.

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HILL, F.	73	SAVINA, J.	1.2
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HUNTER, D.	30	SENCABAUGH, J.	15
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JURGA, J.	87	SINCTTE, L.	12
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KAPSES, W.	85	SMITH, P.	1.3
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LEVY, L.	92	TANOUS . N.	14
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	PETRALITO.C.		GARLICK, W.	1A-0	3ETRO, P. (156
A-311(181)	PERSHIN.S.	Barra.	GARDIAS.	OI	.D. TIVATETE
	FORTIO.G.	50	-GENES,E.	I.I	ALADDA 3+
131	MIFLEY A.	30-	GERRAUGHTY, R	A-I	30LU3,R. (157)
181	-A. WHETIS	(155) OF	GLICKHAM. M.	SI	BOUGHARD & G.
	AN METHORS OF	The second second	OCLDSTRG.A.	EI	BOWSER, R.
161	-R. THE TIBUE	THE THE	GUERIN, J.	ISS	ASAULT, P
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The state of the s	-G-AVIVAE		HILL, F.	24	SHENSHAM R.
A CHESTISE IN	D. REYNAP	II.	HORNDAHL, R.	25	BRILL, G.
The second second	SCAMEAN.T.		HCUGHTON, R.	92	SHOWSTEIN, Harry
100	T. HOUARABINE	05	HUNTER, D.	175	Fiewash WITTEWORS
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	STITH P.	018	KAPSED, W.	32	CHURCH, J.
	T.HTL.	23	KAZAMJIAH, M.	33	DIANTAIN
	SCUCEY.L.	13	MINNE, A.	34	\$\$\$\$\$\tau_1 \ \\ \\ \\ \\ \\ \\ \\ \\ \\ \\ \\ \\
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ACET(ACET) J.	The state of the s	08	LAMONTACKE, C	36	\$00K, X.
OF !	STOLLER. H.	100	LEAVITT. W.	177	COUEK & E.
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Ent.	The same of the sa	186	T. ATTA M.	451	-DAIGLE, L.
part !	TOWNS, W.	62	LADJE , Ho	100	.W. SIVAC
201	TREWROY, R.	COL	A,OYAI	13.4	*G . A ME CONSC
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	4E 452 652 1	F01	-Kedinali, J.	154	DOMESTO SOM BY
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SAL	WEIMER, J.	201	M. REGOLL, B.	HS	MOLE TON, D.
0.2	*F.HOLEW	Phil .	*Leswidille	183	MAKS D.
Miles of the second	TELLOCKE, R.	OCT.	NABEREZIVY, R.	TES.	-G.PAFAMT
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	y - Room 309.				



Direct contibutors to "profit production" in a well managed business.

From the chart above it can be seen why "working capital" is easier to obtain than "fixed capital". Working capital produces profit.

Why it is harder to obtain capital to open a business than to get capital to operate (continue) a business is illustrated below.

In "OPENING FINANCE" (starting a business) the proportions of used capital may be as follows:

FIXED CAPITAL used is very large.

WORKING CAPITAL (profit producer)

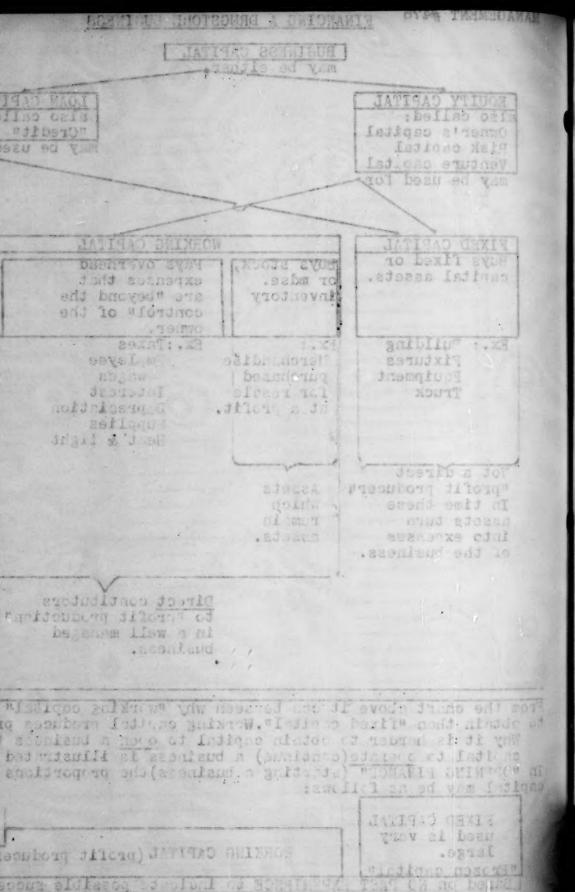
"Frozen capital" | Based on NO PAST EXPURIENCE to indicate possible success.

In "OPERATING FINANCE" (a going business) the proportions may be:

FIXED CAPITAL (None or small)

MORKING CAPITAL (profit producer)

BASED UPON PAST EXPERIENCE which indicates future success.



Tog the chart clove it och be seen why wanting copies! is easier to obtain then withed contel. Working easity and uce, profit. Why it is brown to obtain empital to oben a business than to get on the start and below.

On itself to obtain (etablish a business is illustrated below.

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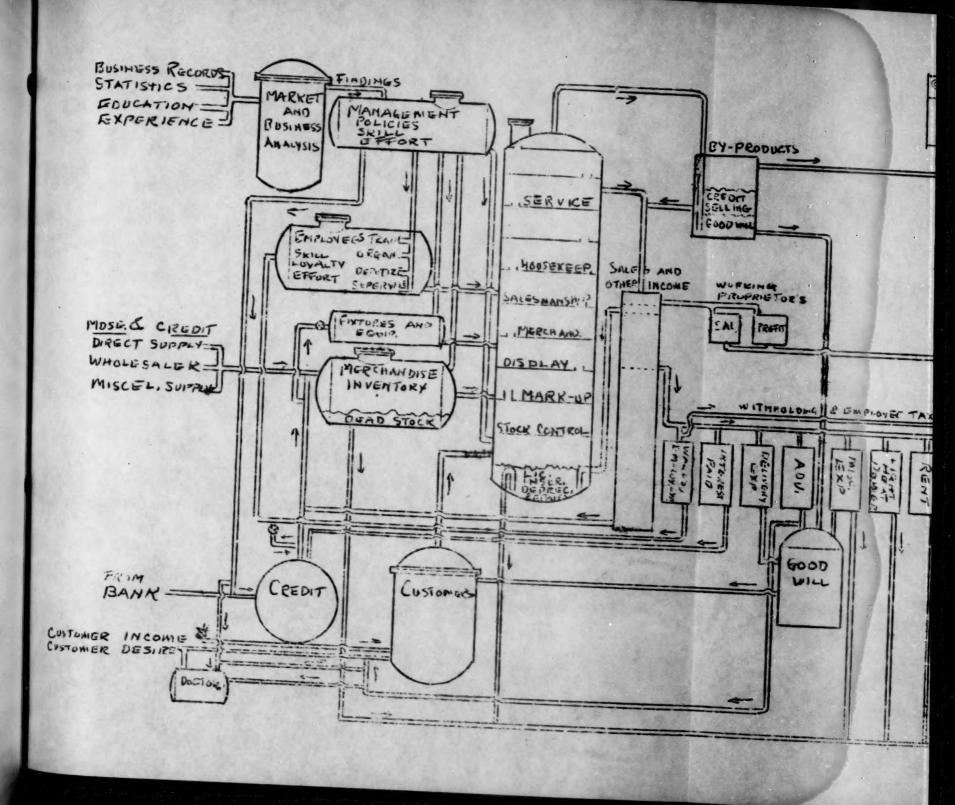
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APRILICE to Living to possible success.

"OPERATING FIVANCE"(s guing business) the proportions may be:

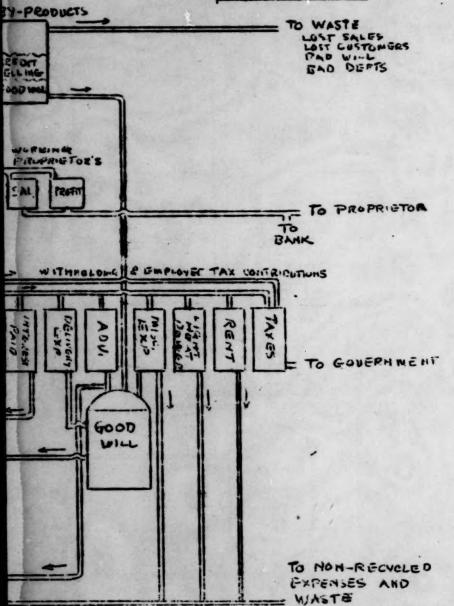
ONCING ONTIFIE (profits producer)

Lone or small



PLOW DIAGRAMI
OF RETAIL DRUG
BUSINESS

13



## NET PROFIT and STOCK INVENTORY

YEAR	NET PROFIT	VALUE AT COST OF MDSE. STOCK	AS A % OF	INVENTORY AS A % OF NET PROFIT		RATIO OF NET PROFIT TO INVENT.			NET PROFIT AS % OF
	-				Prof	it-I	nvent.		SALES
1938	\$ 1744.	\$ 5341.	306.2	3	1	to	3.1	32.7 %	5.5 %
1939	\$ 1937.	\$ 6454.	333.2	3	1	to	3.3	30.0 %	5.7 %
1940	\$ 2056.	\$ 6582.	320.1	3	1	to	3.2	31.2 %	5.9 %
1941	\$ 2464.	\$ 6433.	261.0	75	1	to	2.6	38.3 %	6.9 %
1942 3	\$ 3405.	\$ 6184.	182.6	8	1	to	1.8	55.1 %	8.4 %
1943 +	\$ 4628.	\$ 6363.	137.4	8	1	to	1.4	72.7 %	9.9 %
1944 3	\$ 5105.	\$ 7926.	155.2	3	1	to	1.6	64.4 %	9.8 %
1945	\$ 5877.	\$ 9459.	160.9	6	1	to	1.6	62.1 %	9.5 %
1946	\$ 5951.	\$10487.	176.2	3	1	to	1.8	56.8 %	8.6 %
1947	\$ 5362.	\$12257.	228.5	3	1	to	2.3	43.8 %	7.0 %
1948	\$ 5401.	\$13779.	255.1.	76	1	to	1.6	39.2 %	6.3 %
1949	\$ 2203.	\$12112.	549.8	3	1	to	5.5	18.2 %	3.2 %
Totals	46133.	103377.							1
12-yes		8615.	224.0	%	1	to	2.2	44.6 %	7.2 %

<sup>(\*)</sup> Full years of war: Shortages of merchandise in most drug store lines. Great purchasing power of customers. Low operating expenses.

(°) Progress (partial) report. Figures based upon returns from 318 drug stores.

All of the above figures are found in or are based upon figures in

LILLY DIGEST reports.

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STOCK INVENTORY, COST OF GOODS SOLD, SALES

	1.	2.	3.	4.	5.	6.	7.	8.
YEAR	SALES	COST OF GOODS SOLD	OF GOODS SOLD AS A % OF SALES	STOCK INVENT. AT COST VALUE	ANNUAL RATE OF TURNOVER OF INVEST- MENT IN STOCK	STOCK INVENT. AS A % OF SALES	RATIO OF INVENT. TO SALES InvS.	NET PROFICE AS A % OF SALES
1938	\$31,59	6.\$20,993	. 66.5%	\$ 5,341.	3.9	16.9%	l to 5.9	5.5%
1939	\$33,98	2.\$22,861	67.3%	\$ 6,454.	3.5	19.0%	l to 5.3	5.7%
1940	\$34,88	2.\$23,412	67.1%	\$ 6,582.	3.6	18.9%	l to 5.3	5.9%
1941	\$36,00	5.\$24,345	67.6%	\$ 6,433.	3.8	17.9%	l to 5.6	6.9%
1942*	\$40,51	4.\$27,514	. 68.0%	\$ 6,184.	4.5	15.3%	l to 6.6	8.4%
1943*	\$46,91	6.\$31,616	67.45	\$ 6,363.	5.0	13.6%	l to 7.4	9.9%
1944*	\$52,29	7.\$35,283	. 67.5%	\$ 7,926.	4.5	15.2%	1 to 6.6	9.8%
1945	\$62,03	8.\$41,565	67.0%	\$ 9,459.	4.1	15.3%	l to 6.6	9.5%
1946	\$69,42	2.\$46,995	. 67.7%	\$10,487	4.5	15.1%	l to 6.6	8.6%
1947	\$76,58	20.\$51,812	. 67.7%	\$12,257	4.2	16.0%	1 to 3.2	7.0%
1948	\$86,05	9.258,043	. 67.4%	\$13,779	4.2	16.0%	1 to 6.3	6.3%
1949	\$69,57	1.048,481	69.75	\$12,112	4.0	17.43	1 to 5.7	3.2%
Total	639,77	5.432,951		\$103,377				
12-yr aver- age		15.\$36,079	. 67.7%	\$ 8,615	. 4.2	16.2%	1 to 6.2	7.2%

(\*) Full year of war.
(°) Progress (partial) report based upon figures from 318 drug stores
All above figures are from or are based upon figures from the
LILLY DIGEST reports.

STOCK INVESTED V. COST OF COODS SOLD, SALES

.8	7.	.0	5.	.5		.9	T	
HEEDERY PROPERTY AS A S OF	RATIO TO TO TO	STOCK INVENT. 15 A S. OF	ANTUAL : RATE OF TURNOVIR OF INVEST.	STOCK INVENT. AT COST VALUE	OF COODS	6000B	Salva	YEAR
SALES	SALES Inv8.	SETTES	LI TMS		33.11.8			1000
5.5%	1 to 5.3	16.95	6.8	6 5,241.	NE.88	6.020,083.	031,59	1980
5.75	1 to 5.3	19.04	3.5	? 6,454.	1,5.73	2.822,861.	688,98	1989
₹0.a	I to 5.3	te.sr	8.8	.988.9 8	87,15	0.020,418.	88.289	1940
86.8	1 to 5.6	19.98	8.8	8 6,483.	67.64	6.824,845.	00,880	1941
.8.45	8.8 of I	15.55	1.5	\$ 6,184.	00.80	0.027,510.	12,043	1848
Se.e	1.50 7.1	15.85	0.0	0,363.	59.45	6.831,816.	246,61	1965
8.8%	1 to 6.0	15.85		0 7,828.	67.5%	7,035,083,	26,88	1946#
9.5%	8.8 of 1	ls.se		0.0,459.	80.70	8.041,565.	20,989	1945
20.8	1 to 6.6	15.15	dit.	210,487.	67.75	2.046,995.	209, 18	1940
7.0%	1 to 8.2	16.0%	1.2	018,257.	87.78	0.651,818.	276,58	1947
08.8	1 to 6.3	16.0%	944	915,779.	21.70	.840,885.6	20,091	SACI
23.0	1 to 5.7	17.45	9.2	21:,113.	25.93	1.048,681.	269.87	
				103,377.	) "	.13e,95%c	77,958	1981
7,8,5	1 to 6.2	\$G.81	SIL	. 8,615.	57.78	5.036,078.	18,333	TV-Q1 NVeir

(%) full year of war.

(7) Progress (portial) report based upon figures from the filter prove figures are from or are based upon figures from the littly DIGEST reports.

NET PROFIT and TOTAL SALES

YEAR	SALES	NFT PROFIT (before taxes)	SALES AS A % OF NET PROFIT	RATIO OF NET PROFIT TO SALES Profit-Sales	NET PROFIT AS A % OF SALES	
1938	\$ 31,569.	\$ 1,744.	1810. %	1 to 18.1	5.5 %	
1939	\$ 33,982.	\$ 1,937.	1754. %	1 to 17.5	5.7 %	
1940	\$ 34,882.	\$ 2,056.	1696. %	1 to 17.0	5.9 %	
1941	\$ 36,005	\$ 2,464.	1461. %	1 to 14.6	6.9 %	
1942 *	\$ 40,514.	\$ 3,405.	1189. %	1 to 11.9	8.4 %	
1943 *	\$ 46,916.	0 4,628.	1013. %	1 to 10.1	9.9 %	
1944 *	\$ 52,297.	\$ 5,105.	1024. %	1 to 10.2	9.8 %	
1945	\$ 62,038.	\$ 5,877.	1055. 5	1 to 10.8	9.5 %	
1946	\$ 69,422.	\$ 5,951.	1166. %	1 to 11.7	8.6 %	,
1947	\$ 76,520.	\$ 5,362.	1427. %	1 to 14.3	7.0 %	
1948	\$ 86,059.	\$ 5,401.	1593. %	1 to 15.9	6.3 %	
1349 °	\$ 69,571.	\$ 2,203.	3158. %	1 to 31.6	3.2 %	
Totals	\$639,775.	\$46,133.				
12-year average		\$ 3,844.	1386. %	1 to 13.9	7.2 %	

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<sup>(\*)</sup> Full year of war.
(°) Progress (partial) Report based upon figures from 318 drug stores.

All figures are either taken from or calculated from figures in LILLY DIGEST reports.

MET PROFIT and TOTAL SALES

NET PROFIT AS A S OF SALES	RATIO OF MUZ PROFIT TO SALES PROFIE-CALSS	SALES AS A % OF NET PROFIT	YFT PROFIT (bofore, taxes)	SALES	RANY
5.5 \$	1.61 65 1	1810. 5		.033,f8 8	1836
5.7 \$	1 to 17.5	1784. %	£ 1,937.	\$35,982.	1939
5.9 %	1 to 17.0	1696. 8	.830,8 3	\$ 34,888.	0781
\$ e.a	1 to le.8	1681. 5	. 0.004.0	100,88 3	isei
8.4 5 .8	1 to 11.9	1189. 5	8 3,405.	6 40,514.	+ SP61
\$ 2.6	1:01 oj 1	1015. 8	0 4,628.	.818,80 5	4 6501
₹ 8.8	L to Look		. gorés u	.768,88 9	* 1961
a a.e	1 to 10.8	1055.	\$ 5,877.	.880,38 %	1045
2 3.6	1 to 11.7	1186. N	.180,8 %	.881.88 3	1346
7.0.5	1 to 14.3	1027. 5	.888.0	\$ 78,520.	7:61
8.8.8	1 to 15.9	1598. 6	6 5,401.	.830,88 9	9.01
23.5	0.18 of 1	5158. g	.808.8 3	\$ 69.671.	0 6461
0			246,188.	\$639,775.	sisie
7.2 %	1 to 18.9 .	1586. \$	\$ 3,844.		Tr-year

<sup>(9)</sup> Full year of war. (9) Progress (partial) Report based upon figures from F18 drug stores.

of ligures are either taken from or enlouisted from figures in

	1.	TOTAL EXPI	ENSES and TO	TAL SALES	5.	6.
YEAR	SALES	TOTAL EXPENSES	SALES AS A % OF TOTAL EXPENSES	RATIO OF EXPENSES TO SALES Exp sales	EXPENSES AS A % OF SALES	NET PROFICE AS A % OF SALES
1938	\$ 31,569.	\$ 8,832.	358.4 %	1 to 3.6	28.0 %	5.5 %
1939	\$ 33,982.	\$ 9,184.	370.0 %	1 to 3.7	27.0 %	5.7 %
1940	34,882.	\$ 9,414.	370.5 %	1 to 3.7	27.0 %	5.9 %
1941	* 36,005.	\$ 9,196.	391.5 %	1 to 3.9	25.5 %	6.9 %
1942 *	40,514.	\$ 9,564.	423.6 %	1 to 4.2	23.6 %	8.4 %
1943 *	46,916.	\$10,672.	439.6 %	1 to 4.4	22.7 %	9.9 %
1944 *	\$ 52,297.	\$11,909.	439.1 %	1 to 4.4	22.7 %	9.8 %
1945	\$ 62,038.	\$14,596.	425.0 %	1. to 4.3	23.5 %	9.5 %
1946	\$ 69,422.	\$16,476.	421.4 %	1 to 4.2	23.7 %	8.6 %
1947	\$ 76,520.	\$19,436.	393.7 %	1 to 3.9	25.3 %	7.0 %
1948	\$ 86,059.	\$22,615.	380.5 %	1 to 3.8	26.3 %	6.3 %
1949 °	\$ 69,571.	<u>\$18,887.</u>	368.4 %	1 to 3.7	27.1 %	3.2 %
Total	\$ 639,775.	\$160,781.				
12-year	\$53,315.	\$13,398.	397.9 %	1 to 4.0	25.1 %	7.2 %

(\*) Full year of war.

(°) Progress (partial) report. Based on figures from 318 drug stores.

All figures above are from or calculated from figures found in LILLY DIGEST reports.

## Calculations:

Column 3 :: Col. 1. divided by Col. 2.

Column 4 :: Col. 3. divided by 100 (for second part of ratio)
Column 5 :: Col. 2. divided by Col. 1.

Gross margin :: Col. 5. and Col. 6.

If the figure in column 5 increases while figure in column 6 decreases, study must be made to see if - 1. Volumn can be increased (on same exp.)

2. Markup can be increased (Competition?)

3. Buying can be improved (Cost decreased)

4. Expenses can be cut (but not at price of decreasing living standards of self or employees below that due a professional man.

.0	5.	OTAL SALES	or bas 83888	TOTAL EXPE	1.	
NOT PROTE AS A S OS	EXPENSES AS A S OF SALES	HATIO OF EXPENSES TO SALES 12:0 sales	CALES AS A \$ OF TOTAL EXPENSES	TOTAL	SALES	FARY
5.5	₹ 0.89	9.3 of 1	258.4.5	.888.83	8 81,569.	1923
7 7.0	27.0 %	1 to 3,7	870.0 \$	\$ 9,184.	6 33,982.	1929
5.8 %	27.0 %	1 to 3.7	370.5 %	\$ 9,414.	\$ 34,882.	1940
0.0	25.5 5	1 to.5.9	391.5 %	09,196.	₫ 36,005.	1941
8.4.8	23.6 %	1 to 4.2	425.6 5	\$ 9,561.	0 40,514.	1942 0
2 6.6	8 7.88	1 to 4.4	459.6 %	010,672.	46,916.	1945 *
x 8.6 :	27.88	A.D bJ I .	439.1 5	.808.119	\$ 58,897.	a 1761
9.5 🛠	23.5 \$	8.4. of I	425.0 %	814,586.	\$ 62,038.	1945
R 8.8	23.7 %	3.tp 4.2	421.4 %	016,476.	0 69,422.	1848
7.0 %	25.8 %	2.8 of f	393.7 5	(19,456.	8 76,520.	1947
8.8	≥8.3 %	1 to 3.8	380.5 %	¢82,615.	\$ 86,059.	1948
3.2	87.18	1 to 3.7	368.4 5	(18,887.	\$ 69,571.	0 8161
				160,781.	689,775.0	1 Injoi
7.2 €	25.1 %	0.4 of 1	. 8 e. rea	(13,398.	\$53,315.	12-year svarage

(\*) Full year of mar.

Progress (pertial) report. Based on Cigures from 318 drug stores.

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<sup>:</sup> Salud . Lugar :

Column 3 :: Col. 1. divided by Col. 2. Column 4 :: Col. 8. divided by 100 (for second part of ratio)

Column 5 :: Col. E. divided by Col. 1. Gross margin :: Col. 5. and Col. 6.

If the figure in column 5 increases while figure in column 6 decreases, study must be made to see if - 1. Volume one to increased (on same exp.)

7. Markup can be increased (Competition?)

8. Buying can be improved (Cost decreased)

<sup>4.</sup> Expenses one be cut (but not at

price of decreasing Living stanuards of self or employees

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ACCOUNTING PROBLEMS

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3)

OF THE RETAIL DRUG STORE

Dr. William E. Dickerson The Ohio State University ACCOUNTING PROBLEMS OF THE REPAIR DANG STORE

Tr. William H. Mokeron

## Accounting Records and Reports With Special Reference to their dee by Aprug Stones

## I Nature and use of accounting records and reports

- A. Provide an analysis of financial condition and changes therein.
- B. Provide a statistical record of the financial results of operations.
- C. Reports present information which is collected, classified and summarized in the records.
- D. Records and reports are useful in
  - 1. Guidance and control of operations
  - 2. Maintaining solvency
  - 3. Obtaining loans and credit
  - 4. Judging the efficiency of managers
  - 5. Measuring the performance of employees
  - 6. Discouraging dishonesty
  - 7. Avoiding disputes with customers and creditors
  - 8. Placement and collection of insurance
  - 9. Preparation of tax returns
  - 10. Negotiating sale of business
- E. Cost of adequate accounting records .
- F. Cost of inadequate accounting records

#### II The basic accounting statements

- A. The statement of financial condition
  - 1. Content
    - (a) Nature and relationship of items included
    - (b) Assignment of values
  - 2. Form

    - (a) Grouping of items(b) Basis of classification
    - (c) Questions of sequence
    - (d) Customary practices in connection with titles, use of columns, rulings, etc.
- B. The Statement of Income and Expense
  - 1. Content
    - (a) Nature and relationship of items included
    - (b) Determination of amounts
  - 2. Form
    - (a) Grouping of items
    - (b) Basis of classification
    - (c) Questions of sequence
    - (c) Customs

## III Analysis and interpretation of financial statements

- A. Direct reference to statements satisfies many needs
- B. Analysis and interpretation necessary in other cases
- C. Techniques of analysis
  - 1. Comparisons
    - (a) Of identical items at different dates
    - (b) Of related items at different dates
    - (c) With experiences of similar business units(d) With budgeted amounts.
  - 2. Use of ratios
- D. Standards required for interpretation
  - 1. Nature and use of standards
  - 2. Development of standards
- E. Discussion of illustrative case

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Comparative Statement of Financial Condition
As at December 31, 1947 and 1946

Ourrent assets:       Amount       \$ of       Amount       \$ of         Cesh on hand and in bank.       \$ 3,300       13,2%       \$ 3,700       16.8%         Due from customers.       900       3.6       \$ 3,700       16.8%         Merchandise on hand       12,800       51.2       11.200       3.2         Squipment (at cost less depreciation)       4,800       19.2       3.230       11.7         Goodwill.       3,000       12.0       3,000       12.0       3,000       13.6         Intallifies       \$2,000       100.0%       \$22,000       100.0%       \$22,000       100.0%         Mores payable       \$2,500       10.00       \$3,000       11.4       \$3,400       15.5%         Motes payable       \$2,000       \$3,000       15.5%       \$4,400       20.0%       \$4,400       20.0%       \$22.000       15.5%		1947		191	5	Increases	
\$ 3,300 13,2% 900 3.6 12,800 51.2 \$17,000 51.2 \$17,000 51.2 \$17,000 51.2 \$17,000 51.2 \$17,000 51.2 \$17.000 \$17.000 \$1		ant	% of total	Amount	total	and (decreases)	% of
12,800 3.6 12,800 51.2 \$17,000 68,0% sss depreciation)  14,800 19,2 3,000 12.0 200 0.8 \$25,000 100.0%  Pred maturities  \$5,600 22,4% 19,400 77.6 \$25,000 100.0%	and in bank.	300	13.2%	\$ 3,700	16.8%	\$ (400)	(10,8)%
\$17,000 68.0%  \$18.00 19.2  \$3,000 12.0  200 0.8  \$25,000 100.0%  AND CAPITAL  \$ 2,600 100.0%  Fred maturities.  \$ 3,600 11.4  \$ 3,000 100.0%		900	51,2	700	50.9	1,600	14.3
\$ AND CAPITAL  \$ 25,000 100.0%  AND CAPITAL  \$ 2,600 100.0%  Tred maturities  \$ 5,600 22.4%  \$ 25,000 100.0%		000	68.0%	\$15,600	70.9%	\$ 1,400	9.0
\$25.000 100.0%  AND CAPITAL  \$2,600 10,4% 640 2,60 11,4 \$3,600 14,4% 19,400 77,6 \$25,000 100.0%	(at cost less depreciation)	800	19,2	3,230	74.7	1,570	18.6
\$ 2,600 10,4% 640 2.6 11.4 \$ 3,600 14.4% rred maturities \$ 5,600 22.4% 19.400 77.6 \$25.000 100.0%	et s	00 00	100.0%	\$22,000	100.0	\$ 3,000	17:6
\$ 2,600 10,45 640 2,6 640 2,6 1,4 bilities \$ 3,600 14,46 rred maturities \$ 5,600 8.0 19,400 77,6 \$ 25,000 100.05	AND						
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bilities \$ 3,600 14,4% rred maturities 2,000 8.0 \$ 5,600 22.4% 19,400 77.6	Taxes withheld.	368	1:4	300	1.4	8 ස	20:0
\$ 5,600 22,4% 19,400 77,6 \$25,000 100,0%	- deferred maturities	000	14.4%	\$ 3,400	15.5%	\$ 200	100:0
\$25,000 100.0%		900 1000	77.6	\$ 4,400	80.0%	\$1,200	27.3
-	\$25.		100.0%	\$22,000	100.0%	\$3,000	13.6

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THE LANE PHARMACY
Comparative Statement of Income and Expense
For the Years Ended Dec. 31, 1946 and 1947

Net Profit (after salary to owner) \$ 5,100	Miscellaneous income	Net operating profit	Total operating expenses \$19,800	and telegraph		Depreciation 600	Miscellaneous	ng			Interest	Insurance	Taxes and licenses 740	power	Heat	Rent	Salaries to employees	Salary to owner	Expenses:	Gross profit	Cost of goods sold 54,000		<u>7467.</u>	
\$ 5.550	190	\$ 5,360	\$18.640	275	70	450	1,050	330	300	210	250	300	700	084	225	1,200	8,000	\$ 4,800		\$24,000	51,000	\$75,000	1946	
\$ 850	10	OH8 \$	\$ 1,160	25	30	150	90	130	10	190	(10)		5	20	(15)		500	<b>€</b> 3-		\$ 2,000	3,000	\$ 5,000	(decreases)	Increases
15.3	5,2	15.7	6.2	1.6	42.9	33.3	8.6	39,4	3.3	90,5	(4,0)		5,7	4.2	(6,7)		6,3%			8.3%	5.9	6.7%	% or change	
8.0%	0.3	7.7%	24:8%	11.0	0.1	0.8	1,4	0.6	0.4	0.5	0.3	4.0	0.9	0.6	0.3	1.5	10,6	6.0%		32,5%	67.5	100.0%	1947 1946 5	Percents
7.4%	0,3	7.1%	24:9%	0.1	0.1	0.6	1.4	0.4	4.0	0.3	0.3	4.0	0.9	0.6	0.3	1,6	10.7	る。京		32.0%	68.0	100.0%	19461	ge of Ne
8.5%	0.4	8.1%	23.9%	0,3	0.1	0.6	1,4	0.5	4.0	4.0	0.2	4.0	0,8	0.6	2,0	2.0	10,0	6.0%		32.0%	0.89	100.0%	stores	t Sales

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### TRADER'S DRUG STORE Comparative Statement of Financial Condition As at Dec. 31, 1942 and 1941

	*	Increases
Assets		decreases*
Current Assets: 1942	1941	
Cash on hand and in bank \$ 445.37	\$ 473.67	\$ 28.30
Due from customers 160.20	148.00	12.20
Merchandise on hand (at cost) 4,031.00	4.527.00	496.00*
Deposits	45.00	5.00
Total current assets	\$5,193.67	\$ 507.10*
Equipment (at cost less depreciation) 3,421.50	3,765.00	343.50*
Total Assets	\$8,958,67	\$ 850,60*
Liabilities and Net Worth		
Current Liabilities:		
Accounts payable	\$1,198.19	\$ 424.69*
Motes payable current maturities 1,250,00	1,500.00	250.00*
Social Security tax collections 5.09	5.00	.09
Total current liabilities \$2,028,59	\$2,703.19	\$ 674.60*
Long-term Liabilities:	4-11-20-2	4 01 1100
Notes payable deferred maturities 1,800.00	3,500.00	1.700.00*
Total Liabilities	\$6,203.19	\$2,374,60
	40,000,00	ψ=, ) [ -1.00.
Net Worth:		
N. A. Trader Capital	2,755.48	1.524.00
Total Liabilities and Net Worth \$8,108,07	\$8,958.67	\$ 850,60*
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# Comparative Statement of Financial Condition As at Loc. 31, 1982 and 1981

Increases   and   and	1943 9 173.61 148.00 148.00 15.00 15.00 13.105.00 1	American Ame
*00.450 2 *00.450 3 *00.450 3	\$1,198,19 1,500.00 \$2,703,19 \$2,703,19 \$4,500.00	Convent Manufacture and Not borels  decounts parable
00,000	84,037,9 78,859,88	No. 200 And

# Comparative Statement of Financial Condition As at Dec. 31, 1942 and 1941

	1942	of or	194	200	creases	A
An and the	Amount	total	Amount	total	creases*	change
Current Assets:						
Cash on hand and in bank	\$ 445.37	5.5	\$ 473.67	5.3	28. 30*	6.0
Due from customers	160.20	2.0	11,8,00	1.7	12.20	03
Merchandise on hand (at cost)	4.031.00	7.64	4,527.00	50.5	1496.00*	11.0*
Deposits	50.00	0.6	5.8	0.5	5.00	11:1
	\$4,686.57	57.8	\$5,193.67	58.0	507.10*	9.8*
Equipment (at cost less depreciation)	3, 421, 50	42,2	3,765.00	12.0	343.50*	9:1*
	\$8,108.07	100.0	\$8,958.67	100.0	850.60*	9.5*
T. 1. 2. 2. 2. 2. 2. 2. 2. 2. 2. 2. 2. 2. 2.						
חומטידידירב מיות וופף אסי ייני						
Current Liabilities:						
Accounts payable.	\$ 773.50	10	\$1,198,19	13.4	*69 *12tr	35. h
Social Semulty to collections	7,0000	1.0	1,500.00	10°1	250.00*	16.7*
	חלים מילים		\$ 707 70		1	1.00
Long-term Lightlities	\$C,000,79	0.66	AT*COl *20	2000	0/4,00	24,9
erred maturities	1,800,00	22:2	3.500.00	39.0	700.00*	148:6*
Liabilities	\$3,828,59	47.2	\$6,203.19	69.2	374,60*	38,3*
Net Worth:	में 279: पेड	52.8	2.755.48	1 8 30:8 1	524:00	77. 3
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# TRADER'S DAUG STORE Comparative Statement of Income and Expense For the Years Ended Dec. 31, 1942 and 1941

## Increases and decreases\*

									1942	1941	Amount	Percentage
Sales									\$30,000	\$27.027	\$2,973	11.0
Cost of Goods Sold									20,276	18,127	2,148	11.8
Gross Profit									\$ 9,724	\$ 8,899	\$ 825	9.3
Expenses:				•	Ť		•		+ 311-	+ -1-55	+>	3.3
Salary to owner									\$ 2,400	\$ 2,400		
Salaries to employee									2,137	2,000	\$ 137	6,9
Rent									1,200	1,200	+ -51	4,5
Heat									90	80	10	12.5
Light									423	400	23	5.8
Insurance									144	144	-)	7,0
Taxes									278	240	38	15,8
Interest									90	120	30*	25.0*
									81	70	11	
Repairs		•		•	•	•	•	•				15.7
Advertising									120	80	40	50.0
Delivery expense									236	175	61	34.9
Depreciation expense									420	395 45	25	6.3
Bad debts									149	45	4	8,9
Telephone and telegr	aph.								90	90		
Miscellaneous expens									562	350	212	60.6
									\$ 8,320	\$ 7.789	\$ 531	6:8
									à 7 ligh			14 A. S.
Miscellaneous Income .		•		•	•	•		9	120	100	20	
Net Profit (after sala	ry t	0 0	wne	r)	•	•	•		\$ 1,524	\$ 1,210	\$ 314	26.0
Total expenses Net Operating Profit . Miscellaneous Income .	::							•	\$ 8,320 \$ 1,404 120	\$ 7.789 \$ 1,110 100	\$ 531 \$ 294 20 \$ 314	6.8 26.5 20.00

Documental Distract of Income and Repense for the Years Ended Doc, IL, 1942 and 1941

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# TRADER'S DRUG STORE Comparative Statement of Income and Expense For the Years Ended Dec. 31, 1942 and 1941

Salary to owner.  Salaries to employees.  Rent Heat Light Insurance. Taxes. Interest Repairs. Advertising. Delivery expense Depreciation expense Bad debts. Telephone and telegraph. Miscellaneous expense. Total expenses.  Net Operating Profit Miscellaneous Income Met Profit (after salary to owner)	Sales
\$ 2,400.00 2,137.00 1,200.00 90.00 114.00 278.00 90.00 81.00 120.00 120.00 \$ 8,320.00 \$ 1,404.00 \$ 1,524.00	1942 \$30,000.00 20,276.00 \$ 9,724.00
\$ 2,400.00 1,200.00 1,200.00 1,400.00 1,400.00 1,400.00 1,200.00 1,700.00 1,750.00 1,789.00 \$ 1,110.00 \$ 1,210.00	1941 \$27,027.00 18,128,00 \$ 8,899.00
\$ 137.00 10.00 23.00 38.00 30.00* 11.00 61.00 61.00 25.00 4,00 \$ 531.00 \$ 294.00 \$ 294.00 \$ 314.00	Increases and decreases* \$2,973.00 2,145.00
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5 0 t 27 1 0 0 1 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	1942 100.0 67.6 32.4
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Comparative Statement of Inches and Expense The the Years Ended Dec. J. 1942 and 1942

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200	Co.fr 00,570,50 00.	3,11 m.3/1.5	246 00.20 3 20.00		6.9 00.FEE \$		E-SE CO.OF	23.00 52.55		3. co 15.8	**0,00 **00.00	1,31 30, IC	50°00 20°0	6,45 00, £3		4.00		9700 007212	Sale politica a poli	2,3e 00,4es 8 00.	207 GO	0,85 po.40, 4 30,0
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200	Subt endered "seesement to out to	20 27 00 11 00 20 12 00 10 10 10 10 10 10 10 10 10 10 10 10	168. 2.0 00.273 3 20.003	8.0	\$ 131.00 6.9 'TEL \$	0.0	10.00 E.S. 00.01	53.00 5.8 1.4	0.50	5,0 8.21 00.8E	\$5.00 **0,75 **00,.05	1.0 1.3r 00, XC	10°00 00°0 0°0	8.0 8.48 00,13	1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1	S.00 6.3 00.4		0 - 575.00 50.5 F. O	1,75 8,8 00,452 8 pp.	CO & Solido Solido & CO.	\$10 0,00 0,000 00,000 0,	1.2 0.35 po.40 4 30.0
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### TRADER'S DRUG STORE Statement of Income and Expense For the Year Ended Dec. 31, 1942

Sales	\$30,000
Purchases \$20 302	
Purchases	
Net purchases	
Freight and express	
Total cost of merchandise purchased \$20,185	
Less Purchase discounts	
Net cost of merchandise purchased	
Merchandise inventory Dec. 31, 1941	
Total cost to be accounted for	
Less - Merchandise inventory Dec. 31, 1942 4,031	
Cost of merchandise sold	20,276
Gross Profit	\$ 9,724
Expenses:	
Salary to owner	
Salaries to employees	
Rent	
Heat	
Insurance	
Taxes	
Interest	
Repairs	
Advertising	
Delivery expense	
Depreciation expense	
Bad debts	
Telephone and telegraph	
Miscellaneous expense	0 200
Total expense	8,320
Net Operating Profit	\$ 1,404
Miscellaneous Income	
Net Profit (after salary to owner)	\$ 1,524

# Statement of Impose and Errones For the Year Ended Dog. 31, 1912

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### TRADER'S DRUG STORE Statement of Financial Condition as at Dec. 31, 1942

Assets	y.		
Current Assets:	A		
Cash on hand	\$ 157.72		
Cash in bank	287.65		
Total cash		\$ 445.37	
Due from customers		160,20	
Merchandise on hand (at cost)		4,031.00	
Deposits		50.00	
Total current assets		\$	4,686.57
Equipment:			
Delivery equipment (cost)	200.00		
Less - allowance for depreciation	75.00		
Service value		125.00	
Store equipment and fixtures(cost)	3,996.50		
Less - allowance for depreciation	1,300.00		
Service value		2,696.50	
Leasehold improvements	750.00		
Less - allowance for depreciation	150.00	· · · · · ·	
Service value		600.00	
Total service value of equipment and improve-			- lon
ments			3,421.50
Total Assets		ş	8,108.07
Liabilities and Net Wor	rth		
Current Liabilities:			
Accounts payable - trade		773,50	
Notes payable - trade		750.00	
Notes payable - bank		500.00	
Social Security tax collections		5.09	
Total current liabilities			2,028.59
Long-term Liabilities:			
Notes payable - equipment		800.00	
Notes payable - store purchase		1,000.00	
Total long-torm liabilities			1,800.00
Total Liabilities			3,828,59
Net Worth:			11 070 110
N. A. Trader - Capital			4,279,48
Total Liabilities and Net Worth			8,108.07

### Statement of Attached Condition Statement of Attached Condition as at Doc. 31, 1942

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### ACCOUNTING LABORATORY EXERCISES

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ACCOUNTING LABORATORY SKREDISHS

Dr. William E. Disierson Mr. Watry Maerker The Ohio State University

## ACCOUNTING PROCEDURES WITH EXAMPLES OF THEIR USE IN RECORDING DRUG STORE TRANSACTIONS

- I. The recognition and analysis of changes in financial condition:
  - A. Brief discussion and illustration of the effect of business transactions on financial conditions and the time of recognizing that effect.
  - B. Accounting Procedures Exercise A
- II. The nature and use of accounts:
  - A. Brief discussion of the nature of the accounts and illustration of the recording of business transactions directly in the accounts.
  - B. Accounting Procedures Exercise B
- III. The nature and use of journals:
  - A. Brief discussion of the classification of business transactions so that similar transactions may be recorded in special books of original entry.
  - B. Continuation of Accounting Procedures Exercise B
  - IV. The sources of information:
    - A. Brief discussion of the purchase invoice, the cash register recorder, and other original sources of information.
    - B. Continuation of Accounting Procedures Exercise B
    - V. The preparation of periodical summary reports:
      - A. Completion of Accounting Procedures Exercise B.

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# ACCOUNTING PROCEDURES FOR DRUG STORES Problem A

- Mr. A. B. Cliff, an experienced pharmacist, leased a storeroom close to a university for the purpose of operating a drug store. The owner of the premises granted Mr. Cliff the use of the storeroom free of charge during the period required for acquiring and installing the necessary fixtures, equipment and stock.

  Mr. Cliff completed the following transactions before the store opened for business.
- Jan. 12- Mr. Cliff deposited \$5,000 in the bank to the credit of the Northridge Pharmacy.
  - 13- After consultation with a contracting carpenter, Mr. Cliff placed an order for 3300 worth of lumber to be used for shelving and partitions.
  - 14- The lumber was received and paid for. The invoice including sales tax amounted to 309.
  - 14- Fountain equipment costing \$1,800 was received. A lown payment of \$800 was made and Mr. Cliff signed a mortgage note promising to pay \$1,000 in monthly amounts of \$50.
  - 16- Showcases and other store fixtures invoiced at \$400 were received and paid for.
  - 17- Paid \$40 for hardware to be used on the fixtures.
  - 21- Paid carpenter for work on fixtures \$80.
  - 24- Drug merchandise invoiced at \$1,600 was received from the Hillside Drug Company. A check for the full amount was delivered to the Hillside Drug Company.
  - 25- Drug merchandise invoiced at \$500 was received from the Valley Supply Company. Cash of \$300 was paid. It was agreed that the balance was to be paid April 10.
  - 26- Office furniture and equipment costing \$90 was purchased and paid for.
  - 27- Tobacco merchandise invoiced at \$375 was purchased from the Meadows Corporation. A check for \$200 was given. Thirty days' credit was granted on the \$175 balance.
  - 28- A check for \$75 was given to the carpenter for work done on fixtures.
  - 28- An electric sign was installed by the Neon Company. The price was \$275. Payment was to be made by February 10.
  - 30- Confections invoiced at \$200 were received from the Candy Company. A 30 day credit term was agreed upon.
  - 30- Fountain merchandise costing \$250 was purchased for cash.
  - 30- A stock of magazines was received from the News Company. The salesman arranged to return in a week and collect for those that were sold.

# ACCOUNTEND BROGEROUSES FOR DRUG STORES

art A. B. Cliff, an experienced pharmacist, leaved a storaged to a moiveratty for the purpose of exercting a drug store. The owner of the previous restant art cliff the use of the store on charge during the partial restant factors of the necessary flatters; equipment and stock. It for sequiring and impediting the necessary flatters the store opened for outlines.

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- 13- After consultation with a contracting compenies, or: Chiff claced an order
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  - 17- Pala 10 for cardrare to be used on the fixtures.
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  - See Drug mare another invoiced at 3,600 was received from the Millette Drug. Second better and delivered to the Millette Drug.
    - 25- have mire andise involced at \$500 was received from the valiey supply Company. Commiss of \$300 was paid. It was agreed that the balance was to
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    - Not a shock of magazines was received from the flow a Company. The salessum

# ACCOUNTING PROCEDURES FOR DRUG STORES PROBLEM B Sheet 1

After several years of successful operations the trial balance of the Northridge Pharmacy as at May 31, 1950 was as follows:

Cash	\$ 125.60	
Cash in bank	3,543.87	
Accounts Receivable	87.40	
Morchandise on Hand	10,059.27	
Sales Tax Stamps	300.00	
Deposits	50.00	
Store Equipment and fixtures	5,320.00	
Allowance for depreciation	5,520.00	1,750.00
Hillside Drug Co.		1,625.50
Valley Supply Co.		
Ravine & Sone		1,206.83
		547.94
The Meadows Corporation		633.12
Income and Social Security Taxes Withheld		72.80
Notes Payable		1,800.00
A. B. Cliff, Capital		9,981.57
Sales	70 0/	32,201.52
Sales Returns	72.96	
Purchases	22,872.40	207 0
Purchase Returns and Allowances	000.00	105.76
Freight and Express	209.33	
Purchase Discounts		120.02
Salary to owner	2,000.00	
Salaries to employees	3,580.00	
Rent	750.00	
Light	137.88	
Insurance	60.00	
Texes	172.50	
Interest	20.00	
Repairs	39.43	
Advertusing	86.50	
Depreciation Expense	360.00	
Telephone and Telegraph	66.12	
Supplies	98.72	
Miscellaneous Expense	57.57	
Cash Over and Short	1.07	
Miscellaneous Income		25.56
	50,070.62	50,070.62

# ACCOMPING PROCESSES FOR DRING STORES FOR DRING STORES

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# ACCOUNTING PROCEDURES FOR DRUG STORES PROBLEM B Sheet 2

A description of the business transactions of the Northridge Pharmacy during the first 5 days of June The Cash Register Records show:

	Jun	e 1	June 2		June 3		188	
	Register No. 1	Register No. 2	Register No. 2	Register No. 2	Register Fo. 1	Register No. 2	Regist	
Opening Cash Count	73.58	52.02	38.52	孙•01	111.68	30.10	85.2	
Cash received during the day: From Customers for merchandise:								
Drugs and Sundries	113.05		160.31		162.99		172.5	
Tobacco and Candy	15.66	3.90	18.05	9.02	22.60	10.07	17.1	
Soda Fountain		32.74		29.70		35.41		
From customers on account (See Note A)	28.32				35.61			
From Vending Machines					33,0	5.50		
Total Cash received	157.03	36.64	178.36	38.72	221.20	50.98	189.68	
Total cash to be accounted for	230.61	88.55	216.88	82.73	332.88	81.08	2714.91	
Withdrawm for deposit in bank	175.00	25.00	80.00	25.00				
Other Cash withdrawals								
Merchandise purchased:								
Tobacco and Candy	*		17.82			19.36		
Soda Fountain merchandise		19.69		15.11		11.26		
Supplies purchased	8.90			10.38				
Freight and Express bills	4.59		2.10			4.01		
Repairs expense	119-1		3.80					
Sales returns	3.41		100	2.21				
Miscellaneous expense			1.50		Res de la constante de la cons		-7	
Owner's Salary					100.00			
Employees' salaries (See Note B)					147.40			
Total Withdrawn	191.90	44.69	105,22	52.7	247.40	34.63	.7	
Balance of cash to be accounted for	38.71	43.97	111.56	30.03	81, 118	45.45	274.1	
Closing cash count	38.52	114-01	111.68	30.10	85,23	46.45	274.3	
Cash over or (short)	(.19)	.04	.02	.07	(,25)		.2	

Note A - Collections were from: Dr. James Price \$28.32 Dr. Harold Rowe 35.61

Dr. William Davis 23.47

Note B - The employees: earnings were \$160.00 from which \$2.40 (12%) was withheld for social security tax and \$1

the first 5 days of June, 1950 is as follows:

June 3		Jun	0 4	Jur	ne 5
ister	Register No. 2	Register No. 1	Register No. 2	Register	Register Fo. 2
1,68	30.10	85.23	46,45	2711.34	86.42
2.99	10.07	172.50 17.18	9.22	107.46	6.80 25.76
5.61	5.50		-0.30	23.47	25.10
20	50.98	189.68 274.91	50.20 96.65	139.68	32.56 118.98
100				350.00	25.00
	19.36		10.10		21,13
	4.01	.78		6.70	1.82
200					
,40 ,48 ,23	34,63 45,45 46,45	.78 274.13 274.34	10.10 86.55 86.42	357.73 56.29 56.29	47.95 71.03 71.22
(3)		.21	(.13)		.19

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del security tax and \$10.20 was withheld for federal income

### ACCOUNTING PROCEDURES

### PROBLEM B

Sheet 3

The Ac	counts	Receivable	at	May	31,	1950,	were:
--------	--------	------------	----	-----	-----	-------	-------

Dr. Har	mes Price rold Rowe Lliam Davis	\$ 2	332 561 347
	To	tal 3 8	7140

Sales on account (all drugs and sundried) for the first five days of June were:

June 1	Dr.	James Price			\$ 1519
June 2	Dr.	Floyd Lucas			2650
June 2	Dr.	William Davis			1980
June 3	Dr.	Harold Rowe		(F)	3123
June 5	Dr.	William Davis			1216
			Total		\$10488

The Sales Returns during Junewere drugs and sundries. Checks written during the period were:

Date	Check No.	Detail	Amount	
June 1	58 <b>7</b> 588	Northside Realty Co. for June Rent Ohio Bell Telephone for telephone bill	150.00	
	589	Hillside Drug Co., \$1,625.50, less 2% discount	1,592.99	
June 2	590	Ohio National Bank, payment on Notes Payable		
		and 9% interest	109.00	
	591	The meadows Corporation, on account	375.00	
	592	Columbus & Southern Ohio Electric Co., light bi	11 22.27	
June 3	593	Clintonville Booster, advertising	10.00	
	594	Store Fixture Co., new equipment	120.00	
	595	City Treasurer, property tax	172.50	
June 5	596	Surgical Supply Co., \$150 less 2% discount,		
		for drugs and sundries	147.00	
	597	Valley Supply Co., \$1,206.83, less 2% discount	1,182.69	
	598	Ravine & Sons, on account	400.00	
	Purchases	on account during the period were:		
June 2	Hilldide	Drug Co. for drugs and sundries	102.21	
June 3	The Valle	y Supply Co. for tobacco and candy	36.35	
June 3	The Meado	ows Corporation for drugs and sundries	97.08	Ì
June 5		nd Sons for drugs and sundries	182.30	
June 5		ey Supply Co. for drugs and sundries	84.32	
		* * * * * * * * * * * * * * * * * * *		

Merchandise billed at \$17.67 on the June 2 invoice was returned to the Hillside Drug Co. on June 5.

Depreciation of store equipment and fixtures for the first five days of June is estimated to be \$10.

Other pertinent detail relative to the trial balance as at May 31, 1950 is as follows:

THE HALL BONKIES ASTR. the first section of the Hambles are such that of the control of and their was a second -· WERE SET TO STATE OF THE ESTATE STATE OF THE STATE OF T The first state of the party of the state of The second of th And the works ST SWALL Appendix of the second A Part of the state of the stat APPLIED TO THE TOTAL CONTRACTOR OF THE CONTRACTO The state of the s THE PROPERTY OF the second state of the second state of PE ... the land to table to be a second of many of the transfer of the second of the sec and the plant of the second to my to make the second of th The same of the sa

	Merchandi on Hand	se Purchases	Purchase Ret & Allownace	Sales	Sales
Drugs and Sundries ( Tobacco and Candy Soda Fountain	\$ 9,234.57 701.56 123.14	\$18,191.92 2,133.29 2,547.19	\$ 105.76	23,987.39 3,642.67 4,571.46	72.96
	10,059.27	22,872.40	105.76	32,201.52	72.96

All freight and express is on drugs and sundries.

The merchandise on hand as at the close of business on June 5, 1950 is as follows:

Drugs and Sundries Tobacco and Candy Soda Fountain		\$ 10,060.72 651.17 138.75
	Total	\$ 10,850.64

market	Purchise Roti Salas de Allosanco Salas de	enerdana	bad no	
	\$ 105.76 23,987,39 3,652.67 5,571.66	82.EE1.S	101+26	to Ithanic, but a programmed where I have a market
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\$ 10,060.72 651.17 138.75 Total \$ 10,850.64

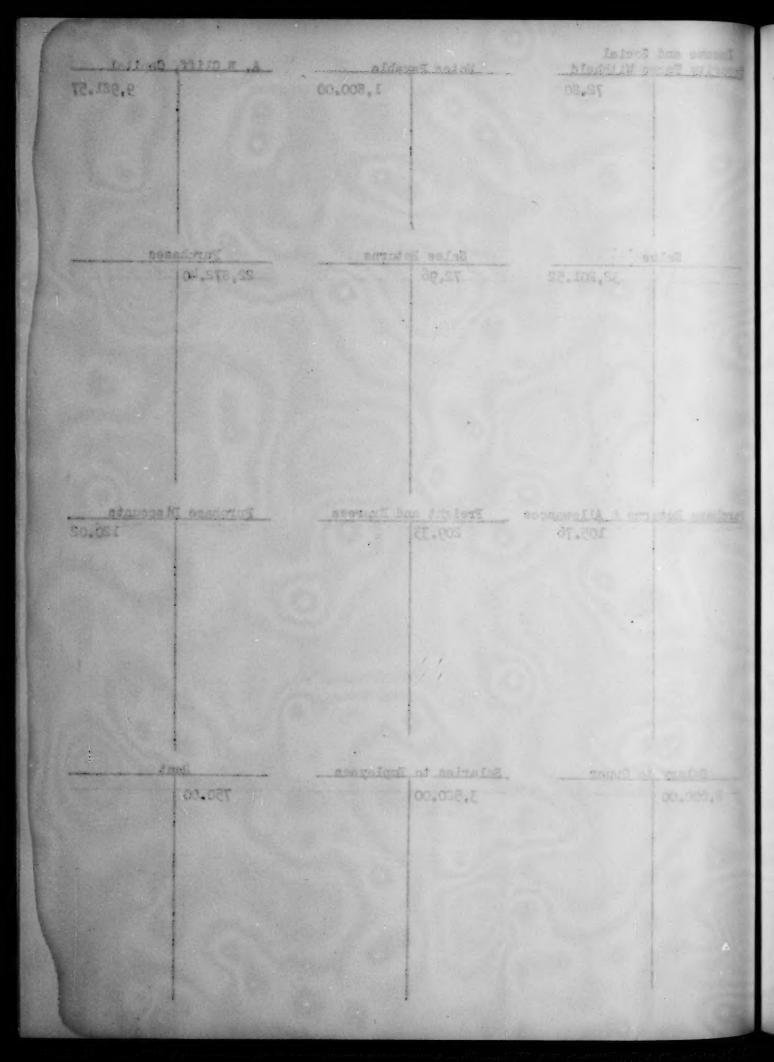
Cash	Cash in Bank	Accounts Receivable
125.60	3,543.87	87.40
Merchandise on Hand	Sales Tax Stamps	Deposits
10,059.27	300.00	50.00
itore Equipment & Fixtures	Allowance for Depreciation	Hillside Drug Co.
5,320.00	1,750.00	1,625.5
	1	
Valley Supply Co.	Ravine & Sons	The Meadows, Corporation
1,206.83	547.94	633.1
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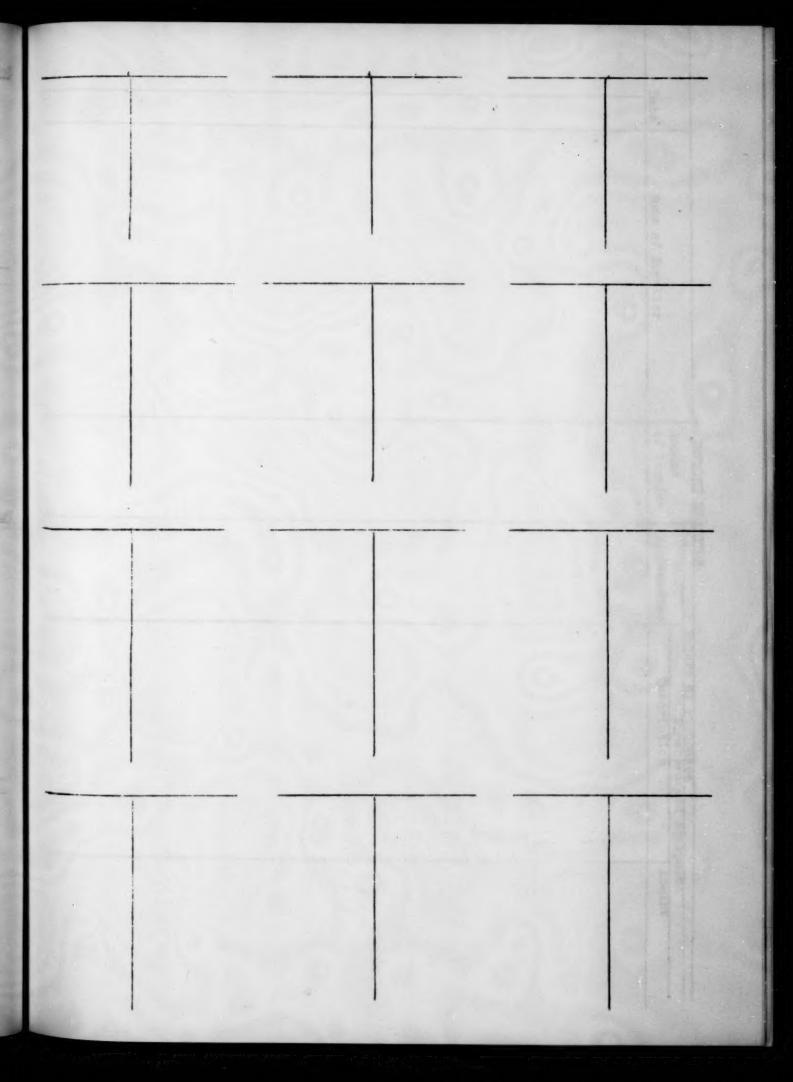
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Light	Insurance	Taxes
137.98	60.00	172.50
Cotton	I .	1
Interest	Repairs	Advertising
20.00	39•43	86.50
Depreciation Expense	Telephone and Telegraph	Supplies
360.00	66.12	98.72
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Ni and I am a market	Cook Cook & Chart	Miscellaneous Income
Miscellaneous Expense	Cash Over & Short	25.56
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Income and Social Security Taxes Withheld	Notes Payable	A. B. Cliff, Capital
72.80	1,800,00	9,981.57
Sales 32,201.52	Sales Returns 72.96	Purchases 22,872,40
Purchase Returns & Allowances 105.76	Freight and Express	Purchase Discounts 120.02
Salary to Owner	Salaries to Employees	750.00







Date Mame of Supplier Amount of Invoice INVOICE REGISTER Merchandise Description Amous Amount

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# CHECK REGISTER

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#### GENERAL JOURNAL

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ACTIONS - SECTION I Cash Balance to Recorded al h Deposits & Paid Outs Cash Account Adjustment Over Short Balance for

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## MONTHLY SUMMARY OF SALES AND CASH TRANSACTIONS - SECTION II

			1		ts and Paid	s and Paid Outs				
Date	Deposited in Bank	Merchandise Purchases	Salary to Owners	Salaries to Employees	Supplies	Freight & Express	Repairs	Sales Returns	Misc.	Other Description
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Paid	Paid Outs									
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# PROCEEDINGS

of

## SEMINAR IN PHARMACY ADMINISTRATION

held at

THE OHIO STATE UNIVERSITY

June 19th to 30th, 1950

VOLUME II

Auspices

of

THE AMERICAN ASSOCIATION OF COLLEGES OF PHARMACY

PROGREDINGS

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THE MINISTER ASSOCIATION OF COLLEGES OF PRANCE

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- 3. Program
- 4. Pharmacy Administration Recommendations of Consultative Committee
- Principles of Economics as Applied to the Practice of Pharmacy -Dr. J. H. Goodness
- 6. Accounting Problems of the Retail Drug Store Dr. William E. Dickerson
- 7. Accounting Laboratory Exercises Dr. William E. Dickerson and Mr. Harry Maerker

#### VOLUME II

- 8. Management of Retail Pharmacies Dr. Stephen Wilson
- 9. Business Organization Mr. William R. Davidson
- 10. The Use of the Model Pharmacy as a Laboratory for Drug Store Merchandising and Sales Promotion Dr. Seymour B. Jeffries
- 11. Pharmacy Laws Federal Dr. Hugo H. Schaefer
- 12. Marketing Drug Products Dr. Herman C. Nolen
- 13. Drug Store Personnel Mr. T. G. Crawford
- 14. Merchandising Procedures and Problems Dr. J. O. Peckham
- 15. The Prescription Department Dr. Ralph Clark
- 16. List of Registrants at Seminar

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      - 13. Drug Store Personnel Mr. T. G. Grawford
  - 18, Merchandising Procedures and Problems Dr. J. O. Peckhen
    - Mis Prescription Department Dr. Ralph Clark
      - 16. List of Beristrents at Beminar

# MANAGEMENT OF RETAIL PHARMACIES PRINCIPLES OF ECONOMICS IN PHARMACY ADMINISTRATION

Stephen D. Wilson, Ph.D.
University of Pittsburgh

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# MANAGERT OF HETAIL PHARMOISS PRINCIPLES OF SCOTOMICS IN PHARMOY AIMINISTRATION

Stephen D. Wilson, Ph.D. University of Pitteburgh

#### PRINCIPLES OF ECONOMICS IN PHARMACY ADMINISTRATION

Stephen Wilson, Ph. D. University of Pittsburgh School of Pharmacy

#### Pharmacy Administration

The place and importance of a course in Principles of Economics in the sequence of Pharmacy Administration was one of the topics discussed at the Seminar in Pharmacy Administration held on the Ohio State University camous on June 19-30, 1950. The discussion revealed definite progress in the development of Pharmacy Administration as an integral area in the pharmacy curriculum, Every school represented at the Seminar had increased and improved the instruction in this field. For the most part these increases and improvements had been sufficiently recent that they were not reflected in the bulletins of the various schools as recently as the American Pharmaceutical Association Convention held at Atlantic City. April 30-May 5, 1950. At that convention, Dean Chauncey I. Cooper, Chairman of the Teachers! Conference on Pharmacy Administration, reported that a study of the bulletins showed practically no attempt on the part of the schools to respond to the curriculum recommendations of the Pharmaceutical Survey. The Seminar discussion, however, showed that, without exception, every school represented was giving very serious consideration to the Survey recommendations relating to Pharmacy Administration.

The Consultative Committee on Pharmacy Administration to the Pharmaceutical Survey recommended five courses totaling 15 semester credits as an adequate program in this area of instruction. While this was the minimum program which could be called adequate, it was felt by the committee that its function was to indicate minimum recommendations in view of the heavy over-all pharmacy curriculum. However, it was expected that many schools would eventually exceed that minimum. The discussion at the Seminar indicated that a number of schools already have gone beyond the minimum, some giving 18 and 20 semester hours of instruction.

#### Principles of Economics

In the subject of Principles of Economics the schools also have progressed beyond the recommended three-credit course much more rapidly than was anticipated at the time the recommendation was made. In many instances room has been found in the curriculum for the standard six-credit course taught by the School of Commerce or the School of Business Administration. In many other instances the Schools of Commerce or of Business Administration at the various Universities have been very cooperative, and have provided a three-credit course to meet the needs of pharmacy students.

The discussion at the Seminar definitely favored the six-credit course in Principles of Economics. Some opinions expressed, indicated the three-credit course to be inadequate as a foundation for the applied courses and comparisons were made to the teaching of chemistry and the inadequacy of a three-credit course in organic chemistry as a basis for later courses in pharmaceutical chemistry. Others were of the opinion that a properly integrated three-credit course in Principles of Economics could constitute an adequate, but minimum, foundation for the applied courses in pharmacy administration. There was unanimous agreement, however, that if a school could not offer a six-credit course in Principles of Economics, in no instance could the first semester of a six-credit course be considered adequate foundation for the applied courses. A three-credit course, to be considered at all adequate in this regard, should contain material usually

Stephen Wilson, Ph. I. Triversity to Pietra Design

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The place and importance of a course in Principles of Decompts in the sequence of Photocopy Additionalists and one of the topics discussed at the Seminar in Harmony Administration held on the Onic State University common on Jean 19-70, 1950. The discussion revenied definite programs in the convenient of language Administration as an integral area in the phase and service our revision. Avery achood represented at the Seminar had increased and increased at the Seminar had increased and increased at the Seminar had increased in the ball elies of the revision in this lists. Not the most part takes in recessor and increased and the various schools as recently as the decreased in the ball elies of the revision Convention had at Adlantic City.

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The discussion of the Courage and intrinsic the same of the six-oracle course is a brinches of the course of the c

found in both semesters of the six-credit course. The problem here is one of emphasis. It was felt that a course giving adequate emphasis to carefully selected material could be given in one semester if other material were sufficiently de-emphasized or eliminated. It is this type of a course which the Schools of Commerce and of Business Administration have arranged for Pharmacy students in many Universities. It should be borne in mind, however, that such a course, while perhaps constituting a minimum adequate foundation for the applied courses in pharmacy administration, may be lacking in general education and cultural aspects as compared with the six-credit course.

Another point on which there was unanimity of opinion was that the six-credit course in Principles of Economics should be considered the minimum course in principles on which to base any graduate programs in pharmacy administration. That is to say, the three-credit abridged course in Principles of Economics which may serve as a minimum adequate foundation for undergraduate applied courses in pharmacy administration would not be considered adequate as a foundation for graduate work.

Some discussion of the subject matter of a course in Principles of Economics was undertaken because it was felt that it would be helpful in such instances where the course in principles is restricted to three credits, and where the School of Commerce or of Business Administration has not been able to provide a three-credit course adapted to the needs of pharmacy students. In these instances the person who teaches the applied courses in pharmacy administration will probably be charged with the responsibility of teaching the course in Principles of Economics. The material given below is largely for the convenience of a teacher in such a situation.

The discussion at the Seminar definitely indicated that the course in Principles of Economics should be restricted to a development of principles, and that the application of those principles to the field of pharmacy should be left to the applied courses later. It was felt that too many courses in economics tend to become courses in business, or in management, and that this should be avoided as much as possible. This will tend to emphasize the basic characteristics of the principles developed, and preserve to as great an extent as possible the general education aspects of the abridged principles course.

#### Background Considerations

Preliminary to an outline of a course in Principles of Economics it should be mentioned that the objectives of such a course should include some recognition of the fact that the general education and cultural aspects of the course are perhaps almost as important as the more immediate objective of grounding the student in basic principles. The course has definite cultural aspects. Also, the judicious use of references to principles during the later and more applied courses adds weight to those courses as, for example, when various common practices can be shown, in a few words, to be basically sound and to be practical illustrations of principles.

It was also brought out in the discussion that there are difficulties which students face in the study of economics which seem to be inherent in the principles course. The teacher should be familiar with these difficulties in order to be better able to help the students when they encounter such difficulties. Illustrations of such barriers to sound economic thinking, if they can be called that, were brought out at the Seminar. There is a distinct difference, for example, between "individual welfare" and "general welfare". Most people have been trained to think from the individual

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Present to both semesters of the sta-credit course. The problem here is one of or meets. It was ledt that a course giving adequate orphasis to carefully selected material could be given in one camestor if other material course surfactable the course of course of a course of the time time time of course of course of Bustness Administration have offered for Partners standard in many Universities. It should be borne in mind, bowever, that such a course, while perhaps cupatituding a minimum edequate foundation for the applied courses in phermapy administration, may to include the formula and cultural expects as course, and collected as course.

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#### Background Constderations

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point of view, and have trouble orienting their thinking to the "general welfare" approach. A distinction must also be made here between "general welfare" and communism.

The average person also tends to think in terms of money, and in some phases the student of economics must think in terms of basic considerations and disregard intervening media. For example, when the announcement was made on the entrance of the United States into World War II that "half of our income would be devoted to the war effort", many people jumped to the conclusion that the income tax was to be increased to 50%, whereas what was meant was that half of our income in terms of goods produced would be war materials, while consumer goods would be restricted to constitute the other 50%.

Economic problems also occasionally have contradictory solutions in "short term" considerations as contrasted with "long term" solutions. As pointed out, on a short term basis there is a scarcity of qualified teachers in the field of pharmacy administration — the supply is rigid and is the dominating factor, and the demand is great. Over a long term consideration, however, the demand is the dominating factor, whereas the supply becomes more elastic and can be adjusted to suit the demand.

The large number of variables constitutes another difficulty in economics. In the natural sciences, which constitute a good portion of the pharmaceutical curriculum, it is frequently possible to reduce a problem to a single variable. This is seldom true in economics. This also adds greatly to the difficulty of duplicating exact conditions to verify an experiment.

The great diversity of economic study also creates some difficulties to economic thinking. Economics touches upon history, ethics, business administration, law, mathematics, and a host of other diverse subjects.

Various other factors increase the difficulties involved by adding to the confusion. The fact that economics uses words as technical terms with exact meanings, which terms are used by the public in general conversation with much broader meanings, may be mentioned. The relative position of the current economy in the business cycle, together with conditions frequently designated as war, post war, or peace-time economy confuse many people. Others let political considerations interfere with their concept of economics. The list may be extended considerably.

The value (to the teacher of a course in Principles of Economics) of a background of historical information concerning economics and its development as a separate discipline was also discussed at the Seminar and deserves to be mentioned preliminary to the course outline. Judicious references by the teacher at opportune moments, where the material lends itself for illustrative purposes, to human interest items from such widely divergent topics as the tardy development of economics as a science; the early writings on economic subjects by Confucius, or the early Greeks or Romans; the beginnings of economics as we know it today; the various schools of economic thought; or the writings of such men as Smith, Ricardo, Mill, Marshall, Keynes, etc., lends weight and interest to the course. For example, a passing reference to the fact that Plato was a communist, while Aristotle was not, may accomplish more than a long lecture in indicating to the student that present day economic institutions did not just happen over night, but developed through a hard-fought evolutionary process.

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#### Topic Outlines

The outlines which follow represent different ideas of sequence arrangement expressed in the discussions at the Seminar. While the sequential arrangements are at variance, there is considerable agreement as to the importance of the various topics in the subject matter. These outlines are included with the thought that they may serve as illustrations, and that they may be of interest as such, to teachers of pharmacy administration subjects who also teach their own course in Principles of Economics. The outlines are not detailed, only major headings being given, to illustrate emphasis.

The environment in the discussions at the Seminar. While the sequence arronard series appreased in the discussions at the Seminar. While the sequential errentments are at varience, there is considerable agreement as to the invertance of the various topics in the addisor matter. These cations are included with the thought that they say surve as illustrations, and that they may be of interest as such, so teachers of pharmacy administration cathette was also teach their own course in Friendshies of Economics. The cathette are not detailed, only major breakings being given, to illustrate

#### OUTLINE 1

#### 1. Introduction

Characteristics of the present economic system, or the "Why" in the economic system.

#### 2. Elementary Concepts

Largely definitional in nature.

#### 3. Production

Definition
Factors:
Land, Labor, Unions, Capital, Entrepreneur, Government
Laws
Types
Business Organization

#### 4. Exchange

Definition
Demand
Supply
Price
Laws
Money
Credit
Banks

#### 5. Distribution

Definition
Rent (for land)
Wages (for labor)
Contributions (to unions)
Interest (for use of capital)
Taxes (to the government)
Profits (left for the business man)

#### 6. Consumption

Definition
Standards of Living
Levels of Living
Welfare
Consumer Organizations

Disrecteriation of the present scenesic system, or the Wales in the secondic gyatem.

S. Elepentery Concepts

Largely definitional in nature.

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n, Consumption

Definition

Levels of Living

Consumer Organizations

#### OUTLINE 2

- 1, Introduction
- 2. Elementary Concepts
- 3. Production

Definition
Factors:
Land, Labor, Capital, Entrepreneur
Laws
Business Organization

#### 4. Consumption

Definition
Laws
Classification of goods

#### 5. Exchange

Definition
Barter
Market
Demand, Supply, and Price
Money and Credit
Banks and Banking

#### 6. Distribution

Definition Rent Wages Interest Profits

#### S SEILIFUO

- 1, Introduction
- S. Il ementary Company
  - 3. Production

Definition Factors: Land, Labor, Capital, Intrepreneur Lave Business Organization

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#### OUTLINE 3

#### I. INTRODUCTION

- a. Definition of Economics and economic activity
- b. Foundations of Economic activity, universally basic, are introduced. Such factors as the nature of man, his environment and organization of his society are discussed.
- c. Nomenclature
  General terms and concepts as goods, utility, money, value, production, etc., are introduced, Anyone who would think through economic procedure must comprehend these basic concepts and their application. The difficulty here is the fact that the economist has no scientific vocabulary of his own that he monopolizes. He uses familiar terms in an unfamiliar, specialized manner.

A few statistics as to production, number and types of businesses, consumption, number and types of consumers, etc., are introduced at this point to illustrate the scope of economic activity.

#### II. PRICE DETERMINATION

- a. The hypothetical model of perfect competition is first constructed. Full discussions of demand and supply are entered into and illustrated as well as the concepts of diminishing returns and diminishing utility.
- b. From the model of perfect competition the abstraction proceeds in the opposite direction. Perfect monopoly, the antithesis of perfect competition is constructed. Its laws of operation and price determination are discussed.
- c. From the two perfectly hypothetical models above, the qualifying assumptions are removed one at a time and their resulting effect noted.
- d. At the conclusion, determination of price in our society has been fully illustrated from that of competition at one extremity to that of monopoly at the other. This, of course, covers the vast heterogeneous area between these extremities.

#### III. MONEY AND BANKING

- a. After the price determination process has been thoroughly surveyed, the effect of money in our society is discussed.
- b. The nature of banking in general is discussed with a particular emphasis upon commercial banking.
- c. Federal Reserve Policies and general operation follow. Emphasis is placed upon the fractional reserve policy and its position in contributing to the multiple expansion of credit and deposits in our society.

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- o. Federal Reserve Policies and conserve policy and its position is placed upon the tractional reserve policy and its position in contribution to the saltiple expension of credit and deposite in our society.

#### III. MONEY AND BANKING (Cont'd.)

- d. Price and Purchasing Power Indices are constructed, and their significance noted.
- e. Keynesian concepts and nomenclature are introduced at this point.

  Factors as the Multiplier, Propensity to Consume, Liquidity

  Preference, etc., are introduced but not emphasized as the

  amount of time devoted to this course in general is not adequate

  for such specialized study.

#### IV. DISTRIBUTION

- a. Marginal Productivity with its related concepts is introduced and emphasized as the foundation of the proportion of our national product distributed to the various factors of production.
- b. Rent is the first factor of production considered. The concepts of rent resulting from differences in productivity and location are given.
- c. Next, is an attempt to determine how labor's share of the national product is derived. The history of wage theories is developed. Statistics are used to illustrate the distribution of income within our society.
- d. Interest, its function and derivation, follow.
- e. A discussion of Profit, its function and derivation in our society, concludes this portion of the course devoted to the study of how the national income of our society is distributed among the component parts of the society.

#### V. ECONOMIC PROBLEMS

- a. At this particular juncture a departure is made into what are considered contemporary problems. In the consideration of these problems one is afforded an opportunity to intoduce the basic concepts behind contemporary events. It also affords an opportunity to have the students apply the basic theory acquired previously.
- b. International Trade is surveyed. The basic concept of comparative advantage is introduced. Financing is next considered. The ultimate result is a discussion of the World Monetary Fund and World Bank for Reconstruction.
- c. Taxation is then considered. Historically, the growth of government expenditure in the U. S. is developed. Reasons for this increased expenditure command attention as well as the sources of increased revenues to meet these increased expenditures. Finally, basic principles of taxation and rate determination are given.
- d. Labor problems historical and contemporary follow.
- e. The course concludes with a survey of the position of the Consumer in our economy. Whether he is aware of the fact or not, it is illustrated why he is the "King of our economy." Also considered are the attempts of the various elements of our society to influence the Consumer in the manner of his decisions as to choice of goods that he decides to consume.

#### ISI, MOMEY AND SAMKING (Contta)

- 8. Price and Purchasing Power Indices are constructed, and their significance noted,
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#### IV. DISTRIBUTION .VI

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  - d. Later problems historical and contemporary follow.
- a. The course concludes with a survey of the position of the Contumer in our scenory. Mather he is aware of the fact or not, it is illustrated why he is the "King of our scenory." Also considered are the attempts of the various elements of our scriety to institute the Consumer is the sammer of his decisions as to choice of goods that he decides to consume.

# SOME ASPECTS OF BUSINESS ORGANIZATION IN AN AGE OF MARKETING

William R. Davidson The Ohio State University SOUTH ASSESSED TO STORES ORDERED TO SOUTH AND SOUTH AND

William R. Davidson

SOME ASPECTS OF BUSINESS ORGANIZATION IN AN AGE OF MARKETING 3:00 p.m., June 19, 20, 21 William R. Davidson Department of Business Organization The Ohio State University In view of the fact that a large proportion of graduates of pharmacy colleges enter the retail drug store business and since the retail drug store business is an important part of our marketing structure in the United States, it is essential that they be provided with important information concerning this structure and its important contributions to consumer values and our standards of living. In these three meetings, attention will be devoted to some aspects of Business Organization in the field of marketing, with the comments organized around three major topics, as follows: 1) Some general concepts in the field of marketing 2) The institutional structure for marketing 3) Some criticisms of our business system and their validity SOME GENERAL CONCEPTS IN THE FIELD OF MARKETING: I. Marketing defined: "the term marketing covers all business activities necessary to effect transfers in the ownership of goods and to provide for their physical distribution. It embraces the entire group of services and functions performed in the distribution of merchandise

from producer to consumer, excluding only operations relating to changes in the form of goods normally regarded as processing or manufacturing operations. "1

#### II. Marketing and business organization in history:

- A. In the ancient civilizations, there was evidence of trade. but the self-sufficiency of most villages restricted marketing largely to luxury items.
- B. In the Middle Ages, the handicraft system of more specialized production led to surpluses and the creation of markets and fairs.
- C. The development of strong national governments and mercantilistic economic thinking which emphasized the necessity of a favorable balance of trade stimulated commerce.
- D. But it was not until after the Industrial Revolution that a minute division of labor, the practice of standardization, and large scale production led to the necessity of marketing of products of ordinary, everyday consumption over large areas through a middleman system.

### III. Growth of interest in marketing as a phase of business organization.

- A. Because of a rapidly growing economic order, there appeared to be an almost insatiable market for most goods until after the beginning of the twentieth century.
- Under such conditions, it was natural that most business executives were primarily concerned with production (processing or manufacturing) problems.
- C. After the turn of the century (with specific times varying according to industries) sufficient production capacity was developed to satisfy normal demand and attention was shifted to the marketing of goods and services in a "buyer's" market.
  - 1. This growing interest in marketing has continued down to the present day and is evidenced by:
    - a. college curricula in marketing
    - b. the development of textbooks on general marketing, functional areas, and specific institutions.

SOUT ASPECTS OF BUSINESS OROLNISSTICK IN AN AGE OF MARKETING 3:00 p. .. dune 19, 20, 21 William R. Davidson Description of Justiness Organisation The Oldo State University in view of the fact that a large proportion of graduates of plan toy colleges often the retail drug store business and since the retail drug some customes in important part of our marketing, structure in the united abateur, the essential that they so provided with important inforward occasionian the streeties and the important contributions to consumer values and dur standarms of living. In these three cootings, attention will be divided as associate of Pastness Organization in the field of marketing, with the companies organized second three mater topics, as follows: 1) Some general concepts in the field of marketing The Lietlithing atructure for rarketing So a control of our business system and their validity DESCRIPTION OF THE PIECE OF MARKETING solvividas seemisud ils ereves galiedres error addit thenlish galiedres notosesary to effect transfers in the ownership of goods and to provide to more sultan est accordes il embraces the entire group to services and functions performed in the distribution of morehandise from producer to consumer, excluding only operations relating to -pass to galamenous as befregor (limmon shoot to much and at asymmetry of reduction). rymotain of notteringrap samined her gelsoning A. In the ancient divilizations, there was evidence of trade, but the self-gattiniency of most villaces restricted marketing largely to In the Middle Agus, the bundlever system of your appointed at production led to surpluses and the creation of markets and faire. The development of strong markets governments and mempeloves off sconenic thinking water emphasised the necessity of a favorable .soremon batelenila abest to consist But it was not until writer the Industrial Revolution that a minimum division of lacony the practice of standardisation, and targe some production tod to the accessing of markeding of products of cedimury. wanders amplitue a daugraff energy agent tavo notioners or to consumo very consumo Crowth of interest in marketing as a phase of business organisations Because of a repidly greating economic order, there appeared to be an almost the little about for root goods until after the buginaing of the teentieth contact. Souldways saemiend Jaco Jack Tereist saw 11 teroitines come Jack and There is a second to the same salary and the same same salary and salary a nord primarily occurred with production (processing or manufacture and problems. After the turn of the century (with smerific times varying accordbeguieved now Alisque moistaborg devictive (setababat of gal to setted and od bedtime was stiffed to the nar-keties of goods and services in a shoperist sankets. This growing incomes in narketing has continued down to the present day and is syldenged up. a. college durricula in marketing Lane Hora't emijorism. Larones no exception to jumpolavel odt. d

- c. trade association activities in marketing
- d. the development of an extensive periodical literature
- e. professional associations of persons engaged in marketing
- f. the growth of specialized research organizations
- g. a changing concept of the task of the sales manager.
- IV. The importance of marketing in our present day economic and business structure may be gauged in various ways, including:
  - A. The volume of goods marketed and the total amount of trade transacted.
  - B. The number of persons engaged in marketing activities (one-fifth of the work force)
  - C. Personal income derived from marketing (one-fifth of total personal income)
  - D. The vastness of the institutional structure for marketing (discussed later)
  - E. The cost of marketing, which has been variously estimated at over .50 out of the consumers' dollar.
  - V. Marketing consists of functions or activities:
    - A. Marketing functions defined: "a major economic activity which is inherent in the marketing process, pervades it throughout, and which through a continuous division of labor tends to become specialized."2
    - B. There is no universally accepted list of marketing functions, but the most widely accepted classification is as follows:
      - 1. The functions of exchange:
        - a. buying
        - b. selling
      - 2. The functions of physical supply:
        - a. transportation
        - b. storage
      - 3. The facilitating functions:
        - a. standardization and grading
        - b. financing
        - c. risk bearing
        - d. market information
  - VI. That marketing is a highly productive phase of our economic and business structure has not been popularly accepted.
    - A. Marketing has been rather popularly viewed as synonomous with selling, and selling has been looked upon as non-productive effort.
    - B. The productive nature of marketing activities can be explained in abstract economic terms.
      - 1. Production is the creation of "utilities". Utilities are the capacity of a good to satisfy human wants and desires.
      - 2. Various types of utilities have been recognized, including:
        - a. form utilities, as derived from manufacturing operations or agricultural production.
        - b. time utilities, as derived from the storage function of marketing
        - c. place utilities, as lerived from the transportation of marketing.
        - d. ownership utilities, as derived from the marketing functions of exchange
    - C. There is a great need for emphasizing the highly productive nature of the activities that are carried on in marketing institutions

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#### THE INSTITUTIONAL STRUCTURE FOR MARKETING:

- I. Major divisions of the Marketing Structure:
  - A. The wholesaling structure: consisting of about 240,000 establishments
    - 1. Wholesaling has been authoritatively defined as including "all marketing transactions in which the purchaser is actuated solely by a profit or business motive in making the purchase and, if the goods are bought from a concern operating substantially as a retail establishment and such goods are not intended for resale, the quantity is materially in excess of that which might reasonably be purchased by an ultimate consumer."3

2. There are two major areas of activity in the wholesaling structure:

a. wholesaling consumer goods intended for resale in the same physical form.

b. wholesaling industrial goods intended for consumption or use in the industrial or business process.

- B. The retailing structure: consisting of about 1,800,000 establishments.
  - 1. Retailing has been authoritatively defined as including "all marketing transactions in which the purchaser is actuated solely by a desire to satisfy his own personal wants or those of his family or friends through personal use of the commodity or service purchased; it also includes transactions involving the purchase of goods for industrial consumption, from a concern operating substantially as a retail establishment, in quantity not materially larger than that which might reasonably be purchased by an ultimate consumer. "4
- II. The major institutional segments of the wholesaling structure are:
  - A. Regular or merchant wholesalers who take title to the goods in which they deal, are independent in ownership from suppliers and customers, usually assemble goods from numerous sources, warehouse stocks, provide selling, delivery, and credit service to customers.
  - B. Manufacturers' branch offices which are of two types:
    - With stocks: such establishments usually operate in a manner similar to regular wholesalers, but distribute wholly or principally merchandise produced by the manufacturer.

 Without stocks: such establishments are usually operated principally for the decentralized control of selling operations.

C. Agents and brokers, or the so-called functional middlemen, who do not take title to the goods in which they deal, act merely as representatives of sellers or purchasers of goods, and specialize in the performance of only one or a limited number of the eight marketing functions.

D. Assemblers: principally agencies or merchants engaged in assembling farm products.

- E. Petroleum bulk stations: which may be either manufacturers' branch offices or merchant wholesalers but which are classified separately because of the specialized nature of their physical facilities and line of merchandise.
- F. Chain store warehouses: which perform wholesaling functions for a group of retail stores with a common ownership.

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- III. The total volume of trade transacted by wholesaling establishments, in spite of some popular opinion to the contrary, is always considerably larger than the total volume of trade transacted by retailing establishments. This is true because wholesaling establishments, in addition to selling goods to retail stores
  - A. Also sell substantial quantities of goods to

1. industrial or business consumers, and

2. other wholesaling establishments, and

B. Sall some goods to

1. buyers in foreign countries, and

2. ultimate or household consumers.

- IV. The major institutional segments of the retailing structure: Retail institutions are of various kinds and types and may be classified in a number of ways. From the standpoint of public interest and the unique character of the operation, a classification (in which the groups overlap to some extent) is as follows:
  - A. Single-store independents which constitute the great bulk of our retail establishments and include various types, as follows:
    - 1. General stores, handling a considerable variety of merchandise drawn from several lines of business but not departmentized, such as grocery, drug, dry goods, and hardware items.

2. Single-line stores, such as drug stores, grocery stores,

hardware stores.

- Specialty stores, handling only part of a regular line of merchandise such as millinery shops, men's shirt shops, drapery stores.
- B. Chain store organizations (which as measured by the Census must consist of four or more units) which vary in relative importance among various lines of business according to the degree to which standard operating procedures can be effectively applied.

C. Department and departmentized specialty stores, which are usually fairly large institutions with merchandise grouped into separate operating departments for control purposes.

D. wail-order houses selling by means of catalogs.

E. Farmer and consumer cooperative stores.

F. Manufacturers' direct selling establishments, such as those operated by the Fuller Brush Company and the Real Silk Hosiery Company.

G. Independent leased departments, not generally recognized by the consuming public and most commonly encountered in department stores, but also in other lines of business.

H. Government operated establishments, as military commissaries and state operated liquor stores.

- V. The institutional structure of business organizations engaged in retailing in the United States has been responsive to a changing environment.
  - A. Throughout the history of our country, the development of retailing has been characterized by waves of progress of various types of businesses:
    - 1. The trading posts
    - 2. Country general stores
    - 3. Single-line stores
    - 4. Department stores
    - 5. Mail order companies
    - 6. The corporate chain
    - 7. The voluntary chain
    - 8. The supermarket

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just indicated, many of the earlier types still remain which fact has led to the evolvement of an important marketing principle: "that if an institution performs essential functions, it continues to exist so long as the conditions which favored its development remain in some degree." A natural corollary of this principle is that when social and economic conditions change and favor the development of new types of institutions, such new institutions are evolved. VI. Some of the most important changes in business organizations engaged in retail distribution include the following: A. The decentralization of retail trade in large cities into completely planned secondary or suburban shopping districts, frequently developed by real estate promotors who share the business risks of retailing. The development of branch stores by department stores and departmentized specialty stores, in suburban or outlying locations. C. The growth of ownership groups of retail stores (a hybrid type incorporating some features of chain store and some features of holding company operation), exhibiting considerable variety in the degree of centralized control, and usually retaining the original identity of the original individual businesses. D. The extension of self-service and self-selection principles of merchandising (as originally developed in the variety store field and later in the grocery trade) into numerous lines of business. E. The expansion of merchandise lines (by type of merchandise and price line offerings) by almost all types of retail stores in a struggle for greater volume and higher gross profits. AN EXAMINATION OF SOME IMPORTANT CRITICISMS OF OUR BUSINESS SYSTEM FOR MARKETING: I. Some of the more common of these criticisms are: That marketing costs too much, both as a per centage of the consumer's dollar, and in the absolute. 1. Increases in efficiency in manufacturing or agricultural production brought about by increased specialization, geographically and by individual companies, and larger scale production can only place increased burdens on the marketing mechanism. 2. In examining the costs of marketing, attention must be given to the productive value of the large number of useful functions performed. 3. Marketing costs can increase as a percentage of the consumer's dollar but be accompanied by a lower unit price and better value to the consumer. B. That aggressive advertising and salesmanship are wasteful. 1. Nothing moves until a sale is made to the ultimate consumer. These activities often increase total consumption, leading to a higher general standard of living. 3. More efficient performance of these functions is resulting from the application of more scientific methods. That the consumer is not provided with adequate information for intelligent purchasing. 1. Informative and descriptive labeling have greatly increased. 2. Codes of ethics have been adopted by trade and professional associations.

B. Although the development of retail institutions followed the pattern

and the development of rotal factions followed but freedle just deliber niemer litte wood willies odd to voom . bydesibed teut has led to the evolverent of as important more differ principles "that if on institution performs essential functions, it continues thouselived at the conditions which there and the development respin in some degrees at a natural corollary of this principle is that when social and concent conditions change and favor the development of new types of institutions, such now institutions

Some of the most important changes in business organizations capaged in red all distribution include the following:

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That appropriate advertising and calcanguable are matched. L. Nothing movie with a gift of the said to the within to consumer. Those activities often increase total creamption, loading to a sprivit to business Leroner weight

3. More afficient parentee of these freetiens is resiling from .cholden oflidates ones le nofenellega ent

That the communities not provided with adequate information for intolling only purch wires.

1. Informative and descriptive labeling have greatly increased. Innotabling be sterry to beside most ever sollie to mate as

associations

- 3. The government has exercised some control in this area by legislation.
- D. That excessive and unnecessary services are rendered to consumers, resulting in excessive and unnecessary costs.
  - 1. The consumer has alternatives in purchasing almost any type of goods or services.
  - 2. Price competition usually brings about a curtailment of such services when they become excessive and undesirable.
- E. That there are too many middlemen in our marketing system. This criticism takes two forms:
  - 1. That there are too many different types of middleman, or too many different links in the channel of distribution.
    - a. the existence of numerous types offers the manufacturer alternatives in seeking out the best method of distribution for his product.
    - b. The existence of numerous types is evidence of specialization, usually recognized as a criterion of efficiency.
    - c. The elimination of middleman does not result in the elimination of any of the marketing functions.
    - d. The most direct methods of distribution are frequently the most costly.
  - 2. That there are too many of the same type of middleman competing on the same level or plane of distribution in the sale of the same line or kind of merchandise.
    - a. There is no conclusive evidence that greater efficiency is accompanied by larger size of the business unit in retail trade.
    - b. The existence of a large number of middlemen of the same type is evidence that competition is at work, and that it is necessary for them to compete on a basis of Jasiness efficiency.
- II. Numerous remedies or solutions have been proposed from time to time for correcting the claimed weaknesses or evils that exist in our marketing system.
  - A. Some of these could be effected only by changing the nature of our enterprise system. Among these might be included:
    - 1. Socialism
    - 2. A higher degree of government (federal and state) regulation of trade practices.
    - 3. Consumer cooperation in distribution.
    - 4. Enforced licensing of dealers to prohibit entrance of the unqualified.
  - B. If it is assumed that the continuance of competitive capitalism is desirable, none of the above proposed remedies can be satisfactory as a cure-all.
  - C. Apparently the only remedy to overcome these criticisms has two slants:
    - 1. The adoption of a positive, rather than an apologetic attitude by those engaged in the marketing process with reference to the nature of the functions performed and services rendered in marketing goods.
    - 2. Increased efficiency in distribution which can be bro ght about through:
      - a. the more widespread application of principles of scientific business management in wholesaling and retailing establishments.

and some whit all foreson ones her forest and durant von unt Lorislation. last areasilve and amore same sorutoes are resduced to conscionity resulting in the serve and done on the sollier is the construct his alternatives in purchasing almost any type then to treates to too special plicate out the pass out it apiderianten bar ovincence enough real andwendyron That there are too many riddiction in our mariation application and the grandible to negy differ no different took and chart took and different links in the comments of the relief the statement of the supplementation of the sandacture acidesistable to bookber land out two palking of verifaction The sistence of numerous typus as evidence of specialities tion, usually recognised as a exiter on of elafer news .moistonal galstorem and lo yes to moistainth, The most direct authors of dietaloution are laugurally the that there are too many of the same type of middlesses ones, the add to otra out at authoritically to omig so I wol an est no \*using the ball to ball me ... the off to men like to reduce which a to conduct all the deal has then the lead thousand it is now him at any sentence to the tree of the or the to the same of the · Titaluney. rearrant rate of the real base of the proposed from the time for the loss of policities who mi self- deal alive to a store leading of painteness. ARROJEVS over of these could be efficied only by charging the miner of our A higher degree of coversoon (Coderal and state) regulation Consume recommended in distributions bet to marries sidilions of decises to galactell bettern be a 2 / 100/ is is necessary that the continuous of computation and taken at it -clien od mes soil mes bosogorq proposed translate son be called appropriate the only ready to overgone these criticisms has not . The edoption of a must tive, rather than an applicable Milw escoure the warts out mr Dogram wood ad obesits a the bowering anothern't end to omitte one of all convenient corvices resident in marketing goods. Increased alliance in distribution widos can be bre got the wear wildering to noticetion of principles of setupide -religious and inter one chile took hi draw shows as wined

b. Greater expenditures for basic research in the field of marketing to parallel the advances made by research in the physical sciences and in industrial production.

#### Notes:

1. Maynard, Harold H., and Theordore N. Beckman, "Principles of marketing" (New York: The Ronald Press Company, 1946), p.3.

2. Ibid., p.29.

3. Beckman, Theodore N., and Nathanael N. Engle, "Wholesaling, Principles and Practice." (New York: The Ronald Press Company, 1949), p.23.

4. Ibid

5. Maynard, Harold H., and Theordore N. Beckman, op. cit., p. 117.

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# THE USE OF THE MODEL PHARMACY AS A MERCHANDISING AND MANAGEMENT LABORATORY

Dr. Seymour B. Jeffries Brooklyn College of Pharmacy

THE USE OF THE MODEL PHARMAGENERS LABORATORY

Dr. Beynour B. Joffried Brooklyn College of Pharmacy Syllabus of Lecture to be delivered by S. B. Jeffries, Professor Pharmaceutical Business Management, Brooklyn College of Pharmacy and Coordinator Drug, Cosmetic & Toiletry Marketing Unit, Business School of the City College of New York.

#### USE OF THE MODEL PHARMACY AS A MERCHANDISING AND MANAGEMENT LABORATORY

- I. Necessity for Developing a Practical Professional
  - A. Expert in preparation dispensing and use of drugs
  - B. Contributions to advancement of pharmacy too numerous to mention
  - C. Professional activities do not exist in a vacuum
    - 1) Regardless of character of pharmacy substantial percentage of time devoted to non-professional business activities including buying, stock control, accounting, tax matters, keeping a myriad of forms required by Federal, State and Local governmental agencies, personnel management, promotion, and selling.
    - Economic considerations are part and parcel of the practice of any profession - but more so in pharmacy where methods of conducting business are more formalized.
    - 3) Ample justification historically for emphasis placed on commercial aspects.
      - a) Organization handling of volume of 35% and upwards must conform to sound business principles to get by.
- II. Problem of Teaching Modern Drugstore Management and Merchandising Techniques Complicated by:
  - A. Absence of training in the basic elements of the retail operation.
    - 1) Scope of economic courses given are of necessity broad.
    - 2) The treatment of critical business problems general.
    - 3) Students do not acquire a working acquaintanceship with the retailing tools he will have to employ in the practice of his profession.
  - B. Critical shortage of curriculum time obviously a handicap.
  - C. Outdated objections to pinpointed business training of any sort (tacit admission that pharmacy has commercial aspects).
    - 1) The hospital pharmacist, given managerial responsibilities.
    - 2) Similarly 100% professional pharmacy must conform to accepted business practices.
- III. With the encroachment of other types of retail outlets into (merchandise) fields traditionally enjoyed by pharmacies, there is a clear and pressing need to expose students to the latest trends in retail management policies, trade practices and competition and provide them with a sound knowledge of retail merchandising and sales promotion.
  - A. This obtains regardless of nature of students final objective in the pharmaceutical field.
    - 1) Employment as manufacturers salesman or detailman,
    - 2) Employment as wholesalers salesman,
    - 3) Employment as researcher by a pharmaceutical house where the realities of marketing problems play a large part in product development.
    - 4) As marketing executive in a pharmaceutical house.
  - B. Retail druggist is critical link in the chain of distribution of drug products to public.

The trans of Lecture to be delivered by S. E. Joffrien, Professor Entrancentical Pasters Hangestent, Ecolilyn Tollege of Pasters, and Cookinston Dang, Commodite & Totletry Marketing Unit, Business School of the Outy College of May York. ON IS OF THE HOUSE PHARMACY AS A MEROHAPURENT Lengiers for Developing a Practical Professional court to see has advanced to motivament at inogen Continue to advance of pharmacy toe numerous to nonline Professional activities for ob colsivities Ismoinsoford to exchange is distanted to manuacy modelanted to aselburget matterioni - maisivitos anomicos ismoistelesq-sos of beforeb s-10 buffing, stook control, ameninting, tax mutters, leseping a mitted of forms required by McCorel, State and Leonl governmental attend to Maillon bad , moltowers , insuegausm lennestes Mooned to considerations are set and parcel of the practice of the pulianture to shorted broke gosmande at or eres die - notes for; . Bostle reft atom and associated Latoracoro no bosefy standard tol teleptrofate noticalizate alone median term strengs but he to sanfor to settlined not astrong to .v. den os seiniaming seem boud broom or anis thandored has danagement over sport medden in Merchandt sing tyd baseolfgrod sorpingel .notterego ilpter out to atmemels ofone ent nt galainst to nonech Short vilanaged to six asvis sessing offices to succeed, The treatment of critical business problems (business), Studente de met acquire a working acquaintencemble with the old to actioning and at volume of eyed file ad elect actioner continued a viewolve - with mulcoling to mantace leafting final) from the to grinters sending betafounin of ancitogic betained .(atoenes islorochoo and postante tant notes habe The bospital pharmacist, citen managerial responsibilities. Stallarly 100A professional pharmacy and comfore to seespeed business practices. (setbandorem) ofal stelling lister to sacry reals to sacronamente out dama. misnary has reals as at ered; astoperady of beyone vilagois hard ableit woldflow impresses Italov ni abneva tradel and of administrate on or a bust to appointed baron a ditty mail abivery has notified and bearing about retaining sales but the thorn our fields off al wifeet on lank's steamer to castivager enistic city. A histi Labisuopartello nemilated we messales ereantestonem as deswelped inempolar enginee loss as encorroladi Indicated as researcher by a marked their house where the Jouleve ni dusc outel a valy asoldour multowana to salitless , drosero Lavob As merineting exacetive in a charman extreme. apply to notinging to minds and all and it to at delaying flates. products to mablic,

Treatment of general business principles on theoretical level frequently necessary, but butressed by contrived experiences made possible thru the use of models, mock-ups and sound slide films and other visual aids concentrating on learning by doing and observing as well as hearing, these business principles acquire substance and a clear relationship to reality.

Importance of acquiring direct, purposeful experience with the business aspects of drug store operation cannot be overemphasized but:

1) Application of this principle for purposes of teaching is difficult because:

too time consuming.

too many extraneous elements apt to distract students.

The "skill" training necessary to perform drug store managerial and sales functions more easily acquired if student is given the opportunity to gain dexterity and experience working with the materials, equipment and supplies he will later use in retail drug store practice -- this is the theory behind a course such as Dispensing Pharmacy.

C. By setting up the Model Drug Store you see here, we have taken hold of reality. We rearrange it to emphasize this or that aspect of pharmacy operation as the need arises. Thus we are afforded many of the advantages of direct experience without its disadvantages. Complicated and distracting elements are minimized or removed entirely leaving the students mind free to focus on the core of the problem in issue.

1) The pharmacy is complete except for show windows, and a stock room. Mock-up windows have been set up in a special room where students actually participate in window planning and window dressing projects. In addition, a model stock room is provided as an aid to teaching

inventory and stock control.

Use of the Model Pharmacy 7.

A. Best laboratory worthless if not used properly.

B. Projects must be developed to provide student with an opportunity to practice and acquire desired skills.

C. The subject matter of the project should be covered by the instructor before the student "tries his hand".

1) Lecture and discussion of the business principle involved.

2) Demonstration of the principle wherever possible.

a) as in a selling situation - "suggesting prescription accessories with a prescription".

3) Use of both slide films and motion pictures recommended wherever possible to provide broad general background in the business area under discussion.

- For example: In teaching the principles and practices of Window and D. Interior Display the following procedure has been found to be extremely effective:
  - 1) General introduction to the subject matter stating aims and objectives -- slanted to motivate students.
  - Showing of the American Drug Store Business Training Series sound slide film. "Window and Interior Display".
  - Discussion of the principles stated in the film and the accompanying training manual followed by a question and answer period.
  - Class moved from lecture room into the Model Drug Store where mock-up window has been set up.
  - 5) The job work sheets prepared especially for the project are distributed. As many students as possible participate in the project applying the principles laid down earlier. The number of working students is kept to a workable minimum. Those who do not work observe, then prepare constructive critiques. The jobs called for include:

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5) (continued)

a) Sketching layout plan (as shown in film). Blowup photographs of promotional and professional windows set up around the room.

b) Assembling and cleaning fixtures for windows.

c) Assembling display materials.

Assembling merchandise - planning what merchandise to display.

e) Installing displays.

6) This phase of the project is concluded with general class discussion. 7) The job work sheet for interior display covers essentially the same

points.

a) Planning and assembling the merchandise for display on counters. in showcases, on tables, gondolas and in the prescription fixture display case, etc. Photographs of these different types of display units are discussed, and their advantages and disadvantages pointed out.

b) Cleaning fixtures.

c) Preparing display equipment.

d) Inserting merchandise,

A critique is held on student performance concluded by a general

discussion of the subject.

At least three class hours are devoted to merchandising prescription accessories. This part of the course is built around the American Drug Store Business Training Series slide film package "Merchandising Prescription Accessories".

1) The training marual is used as the basic text for lecture and dis-

cussion purposes.

The student working from a prepared job work sheet practices in the model store the principles he has seen, heard and discussed. He plans and locates the department.

Promotions are planned and appropriate merchandise is selected. Display space is cleared and merchandise inserted.

4) The critique takes place in the model pharmacy.

Students are taught the latest methods of "Promoting the Prescription Department to the Professions" (part of the general subject "Merchandising and Management of Prescription Department) through the use of lecture material, the sound slide film training package, "Promotion to the Professions and through actual practice in the model pharmacy.

1) The film training manual is used as the basic text.

- The principles and problems stated therein are discussed at length. Experiences of practicing druggists using the techniques described are discussed.
- 3) Wherever possible, situation demonstrations are set up to show the right and wrong way to handle the physician, both in "person-toperson" contacts and "telephone contacts". Students act the parts assigned.

Recordings are made of students telephone and person-to-person techniques and criticized by the group as a whole.

- G. Departmentalization (layout and planning) is taught essentially by the lecture - demonstration - discussion method,
  - 1) The American Drug Store Business Training slide film "Departmentalization" along with its accompanying training manual provide the basic course material necessary to acquaint the student with the principles and application of departmentalization.

2) Additional photographs and floor plan blueprints are studied and

discussed.

The layout of the Model Drug Store itself is analyzed. The role of demand and impulse items in directing customer flow is discussed and cases are cited in support.

(continued) G.

4) Miniature models similar to those used in the slide film are used to

illustrate solutions to problems raised by students.

Fixtures (show cases, tables, gondolas, counters and step displays) purposely designed and set up on casters so that they could be moved about easily, are shifted about by students to demonstrate the principles discussed.

6) Techniques of departmental controls (stock and sales) are demon-

strated and discussed, including:

a) Basic or minimal departments or grouping of items for various types of stores.

b) Limiting shelf and drawer space as a form of control.

c) Allocation of space on basis of potential contributing gross profits by product or group or department.

d) Allocation of time and promotional effort basis of gross profit

potential by department or group of products.

H. Actual modernization of the Model Pharmacy is treated as a contrived experience. Mock experience of the reality we are trying to clarify to the student. Experience is imitated by using the Model Pharmacy. assigning to it the characteristics and qualities that exist in real experience.

The immediate objective was to develop the modernization program as would a progressive operating druggist alive to the problem of

bringing his pharmacy up to date.

2) The step-by-step experience reflected in the end products of the modernization - in the character and type of fixtures and equipment, the layout, displays, lighting and decorations - are real but simplified. Thus students, given the problem of modernization, face real experience while working with the component parts of the Model Pharmacy.

3) The student is taken through the entire modernization process from the planning and budget stage on through the blueprint stage to

the completed model.

4) Background: Motivation - Need for Pharmacy Modernization Critical

a) With merchandising methods changing rapidly, the pharmacist who fails to keep up with the leaders soon finds himself falling

behind in the competitive race.

b) The accelerated invasion of other types of retailers into merchandise areas traditionally enjoyed by druggists is due largely to the continuing lag in the national rate of pharmacy modernization as compared with the modernization rate of the invading retail outlets.

Obsolescence is the druggist's worst enemy.

d) The Pharmacist who finally decides to modernize is motivated fundamentally by the material advantages he stands to gain -increased sales volume, increased efficiency, decreased costs and increased profits.

1) In addition he wants to create the impression of progress. modernity and success.

People are attracted to success.

He has recognized that there is no surcease in the battle

against obsolescence.

e) While these factors may furnish the broad intellectual motivation necessary to move the pharmacy student to acquire at least a working familiarity with the principles of modernization, he is more strongly motivated by the emotional impact of his personal stake in knowing the subject matter thoroughly. Looking forward

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- e) (continued)
  to a fruitful career in retail pharmacy he is made to realize
  that an understanding of the subject of modernization is vital.
  One serious mistake in handling any one of the many complicated
  aspects of modernization might prove disastrous on the very
  threshhold of his professional career.
- 5) Background: Discussion of Basic Decisions Affecting Modernizing
  - a) The student arrives at two policy decisions affecting modernization after examining and studying photos of the "old" pharmacy along with models of old fixtures preserved for that purpose:

1) Whether to modernize at all and,

2) To what extent.

b) Layout, wall shelving, counters, cases and lighting equipment are analyzed from the point of view of their function as "selling tools".

1) They are compared to modern merchandising equipment used in the most successful pharmacy operations (standards for

comparison).

2) The fact that "old fashioned fixtures deter sales while modernized equipment improves sales" is brought home force-fully.

6) Background: Discussion of Extent of Modernization Circumscribed

by Gudget Limitation and Condition of Pharmacy"

a) What improvements should be made determined not only by the condition of the store and its equipment but also by the budget limitations of the pharmacy.

b) Modernization expenditures are justifiable only on the basis of profit and loss. Unless the money spent will result in increased profits or prevent a loss, it would be foolish to modernize.

- c) The rate of improvement should depend on the amount of money the pharmacist can afford to spend without affecting his financial position adversely. The student is cautioned against saddling himself with an indebtedness that will make him a slave to his equipment dealer. Just as obsolescence is a slow wearing away of modernity and success, improvement can be a slow rebuilding of mercantile success.
- d) Since modernization can mean anything from the application of a new coat of paint to completely new fixtures and equipment, the Model Pharmacy contains examples of new, refinished, repaired and remodeled fixtures and lighting equipment. More frequently than not, budget limitations will call for ingenuity and good engineering to convert obsolete fixtures into modern selling aids.

1) For example, an old eight-foot prescription counter was modernized by adding a stainless steel sink and covering the entire unit with an inexpensive plastic top.

2) An old mahogany glass wall case was cut down to 54" to create a semi-visual prescription partition and also to provide space for a prescription accessory display.

3) Two new cases were added, one on each side, for displaying

vitamin and diabetic supplies.

4) An old 30-foot "waiting" counter was converted into a modern "sales" provoking counter by building a completely new step display skeleton over the old frame work.

Open displays areas in the front and on the ends were also

provided. Old drawers were faced to harmonize.

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Background: Discussion of Basic Decisions Affecting Modernisiss.

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6) d) (continued)

6) Several wall fixtures received new blond oak pilasters, and faces of all drawers exposed to the customers view were similarly treated. Chartreuse paint on the interior of all fixtures provided an attractive background for the blond oak facings.

7) Fluorescent cove lighting was provided to provide warmly diffused light for the merchandise displayed on the shelves

below.

8) New glass showcases with storage drawers were set out along with tables, and gondolas - all of them on casters - to demonstrate the flexibility of modern open display arrangement. Students move them about from place to place in studying the principles of display merchandising.

7) Conclusion -

The total effect provides a sound object lesson to the student (as it may to the pharmacist) in the flexibility of planned modernization. It gives him direct experience in dealing with the many specific changes that can be made to meet individual remodeling needs.

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## PHARMACY LAWS

FEDERAL

Dr. Hugo H. Schaefer Brooklyn College of Pharmacy PHARMACY LANS

PEDENAL

Dr. Hugo H. Schaefer Prooklyn College of Pharmacy

#### FEDERAL LAWS DEALING WITH DRUGS AND COSMETICS .

Food, Drug and Cosmetic Act and Regulations
Uniform State Narcotic Act
Viruses, Serums, Toxins Law (For Human Use) and Regulations
Viruses, Serums, Toxins Law (For Animal Use) and Regulations
Insecticide, Fungicide and Rodenticide Act and Regulations
Caustic Poison Act and Regulations
Federal Trade Commission Act

### PED DIA DESCRIPTION OF THE DESCRIPTION AND DESCRIPTIONS

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Viruses, Soruss, Toxins Law (For Animal Use) and Postinistions
Installed, Purgloids and Resentiated Act and Regulations
Caustin Tokson Act and Regulations

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# FEDERAL FOOD, DRUG AND COSMETIC ACT

For this presentation the provisions regulating foods other than those for special dietary uses will not be discussed.

The Act was passed by Congress in June 1938 and most of its provisions became effective on June 30, 1939. It superceded the so-called Wiley Food and Drug Act of 1906.

Congress does not have power to legislate directly on matters affecting drugs and cosmetics and therefore does so by regulating the quality and the labeling of products entering into interstate commerce. The government bulletin defines the law as "An Act to Prohibit the Movement in Interstate Commerce of Adulterated and Misbranded Food, Drugs, Devices and Cosmetics, and for Other Purposes".

The provisions of the law may be summarized as follows:-

Chapter I gives recognition to the short title commonly used i.e., The Federal Food, Drug, and Cosmetic Act.

# Chapter II, Sec. 201 Definitions of terms used in the law including:-

- (a) Territory
- (b) Interstate Commerce
- (c) Agency
- (d) Administration
- (e) Person
- (f) Food
- (g) Drug
- (h) Device
- (i) Cosmetic
- (j) Official compendium
- (k) Label
- (1) Immediate Container
- (m) Labeling
- (n) Misbranding may be due to the failure of label to reveal material facts as to the consequences which may result from the use of the article.
- (o) Interpretation of meaning of word "antiseptic"
- (p) New drug

# Chapter III, Sec. 201 Prohibited Acts. They include:-

- (a) The introduction into interstate commerce of adulterated or misbranded drugs.
- (b) The adulteration or misbranding of products while in interstate commerce.
- (c) The receipt or the lelivery of adulterated or misbranded drugs and cosmetics.
- (d) The introduction into interstate commerce of drugs in violation of the "new drug" provisions of the law.
- (e) The refusal to permit access or copying of certain records as provided by the law.
- (f) The refusal to permit entry or inspection as authori ed by the
- (g) To manufacture adulterated or misbranded drugs within any Territory of the United States.

I verteer of the United States.

-3-(h) The giving of a false guarantee. (i) The forging or counterfeiting or simulating of labels. (j) The improper use of information, processes or trade secrets obtained by persons concerned with the enforcement of the law. (k) The alteration or mutilation of labeling whereby products after introduction into interstate commerce become adulterated or misbranded. (1) The using on labeling or advertising of any suggestion that the product complies with the "new drug" provisions of the law. Sec. 302 deals with the power given certain courts to issue injunction under certain conditions. Sec. 303 lists the penalties which may result from violations. First offense, fine of \$1,000, imprisonment for one year or both. Subsequent violations and all violations with intent to defraud or mislead \$10,000, three years imprisonment or both. This section also includes the important provisions which exempt from penalties persons who receive drugs or medicines under a legal "guarantee". Sec. 304 Outlines the conditions under which seizures and condemnations of illegal products may be made. Sec. 305 provides that alleged violators of the law have the opportunity of a hearing to present their views before criminal proceedings are instituted. Sec. 306 provides that the Administration need not recommend prosecution in the case of minor violations. Sec. 307 provides that proceedings may only be brought in the name of the United States and for subpoenas for witnesses. Chapter IV, Sec. 401 - 406 deals with Foods and with the exception of Sec. 403 (j) will not be discussed. Sec. 403 (j) deals with the labeling of products intended for special dietary uses including preparations containing vitamins and minerals. Chapter V, Sec. 501 Adulterated drugs and devices. (a) (1-4) deals with drugs consisting or containing filthy decomposed or poisonous substances, packed or held under insanitary conditions or containing non-certified coal-tar dyes. (b) Provides safe-guards against the shipment of drugs under official names and which differ from the standards. This paragraph also includes the conditions under which the Administration may make its own standards of strength, quality and purity and tests and assays when in their opinion those of the official compendia are unsatisfactory. The so-called "deviation clause" is also in this paragraph. Sec. 502 Misbranded Drugs and Devices. (a) A general statement that "a drug or device shall be deemed to be misbranded (a) If its labeling is falso or misleading in any

(h) The giving of a fulse guaristice.

(1) The forging on counterfeiting or circulating at labels.
(1) The improper use of information, processes or trade occrets elected by persons ecocerase with the enforcement of the law.

(k) The alteration or mutilation of labeling whereby products after interaction into interprets commonded become adulterated or mission into interprets commonded become adulterated or missional.

(1) The using on labeling or alvertising of any suggestion that the product compiles with the "new drie" provisions of the Law.

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  - See July Collins ton conditions which meles achieves and condition of the see products may be made.
- Doc. 305 provides that alle of violators of the lew have the optor things are of a harring to present their views before original proce lings are instituted.
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- Sec. 503 (3) de lis with the litte Arm, of products intended for social and dietary was a hotaling propractions containing vitasins and almorals.

# Cupier V. S.c. 501 Atultorated drugs and destends

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- (b) records a sale-queria against the shipmint of drags unter official reaces and which differ from the standards. This personal associated the conditions under which the Administration may make the own standards of strongth, quality and perity and tents and safety and the concents are easily what is the trice of the cultical compendit are produced to the safety of the social concents are this safety caph.
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particular". The regulations applying to this broad statement provide that the labeling of a drug or device is misbranded if it bears false statements with respect to another drug or device. Another important regulation provides that a preparation containing several ingredients may not be given a name which includes or suggests the name of only one of such ingredients.

(b) Provides that the label of a drug must give the name and address of manufacturer, and the quantity of contents. Lengthy regulations make provisions for the form in which such information must be

given.

(c) This paragraph along with its regulations is intend a to insure a proper degree of conspicuousness for all required tabel information. It also includes provisions under which representations

may be made in a foreign language

(d) This paragraph lists the habit forming drugs for which a quantitative statement must appear on a label along with the expression, "Warning - May be habit forming". Regulations provide where, how and when such statements must appear on the label of a drug.

(e) This paragraph makes provisions for listing the ingredients on the labels of non-official drug products. It also gives the names of those ingredients which must be listed by quantity. The regulations under this paragraph state in considerable detail how such

ingredients must be listed.

(f) Provides that labels must bear adequate directions and adequate warnings against unsafe dosage or possible harmful effects. The Administrator is specifically empowered to promulgate regulations exempting drugs from the requirement of bearing adequate directions provided this is not necessary for the protection of public health. It is under these regulations that certain drugs are sold under the prescription legend and do not bear the usual directions for use. The regulations under this paragraph give the conditions under which such prescription legend must be used.

(g) This paragraph provides that official drugs must be packaged in

accordance with any official packaging requirements.

(h) This paragraph provides that drugs liable to deterioration must be packaged and labeled with precautions as may be determined by the Administrator. For official drugs such requirements can only be made after the matter has been brought to the attention of those in charge of the official compendium and after her have failed to provide requirements within a reasonable time.

(i) Provides that a slack-filled container, an imitation of another drug and a drug sold under the name of another drug shall be deemed

to be misbranded.

(j) This paragraph states that a drug is misbranded if it is dangerous to health when used in accordance with the directions in the labeling.

(k) This paragraph provides that a drug purporting to be or to contain insulin is misbranded unless the insulin has been certified.

(1) This paragraph makes similar provisions for the antibiotic drugs unless specifically exempted.

#### Sec. 503. - Exemptions

(a) This paragraph and its regulations provide for exemptions from certain of the labeling provisions when drugs in accordance with the practice of the trade are shipped from one establishment to another for purposes of labeling or repacking.

discribing broad aims of anivigue encircles on . "enfectione If Dibmerdsto el osivet to suit a de antidef und seds obtvere ic bears folio statements with respect to another drug of devices Another important regulation provides that a preparation contain-To esbelont dolow ment a nevig of joh yan at nothernot terovec and suggests the next of only one of such ingredients. Trovide of the last the last of a drag most give the base and deliver? of manufacturers and the quentity of contants. Lengthy regulations make provisions the the form in which such information must bu a cream of a factal of another par est after process for a fer a cream a hir -conduct action of conspication and and and action of contract and action of the contract and action o Clon. It also the doctor or substant which repr sentations seem equient religions en indiam us this parecraph lists the table forming drugs for which a quantitetive statement much appear on a land slong with the expression, end with side a latter of topograph on the late to a days. Inter paragraph makes provisions for listing the ingredients on the to a ment and sowing oain al . adenticing gard Islatillo-non le black those ingredicable which must be listed by counties. This a molations won firsts oldersbieres at obes darriered wild whom somet special this like is and been adequate directions and adequate warnings scainsh unsafe dosage or possible harsful allogis. The emoldations alegistating of introduces, throulisons at referrablished computer drags from the tequirement of bearing adequate discontions phiding to mottoning out for the protection of public south at the union these regulations what contain drago one sold and House the read son of her bound called record and gobou for that the regulations wider this paragraph give the conditions \*hory ed Jama Rogal neight and dose Holes recom at begatard of term early intestite tent abliving democrate conadministration of the professional profession and the continuous Jama mosterormise od siccia agent dans cubicon departe en Tina yd hantered at od yes es enottereday es en to test the tagainers od the Additionation of the anticipal drive such requirements only to make of the thou nather has been brought to the auto miles of hose in charge of the willcist compendism and offer a toy have Sold alernound a ministr state of the abtrong of Portel routing to melitalist on contracto belilitation a tens soliver homest on these such referre to some add rosers bles such a ten goat to bu i Esbrandad. Ede paragraph state that a drop is misbrariled if it is in process to hose the whom was a in accordance which the directless in that This paragraph provides that a drug perperting to be or to contain is about the also read onloca the interest the state of attitude This government while station provided the the sprayers and drugged waters belong estales asoniand iJquexa - . com . com acti untiligate vol obliver modesfuger est but depending midt (a) description of the Livelin, movielors show drive in secretarion with life the same talgette one albert and to salder a same date ment to motion to purpose of trosting or reproduct. Carry of Carry - Carry - Carry - Carry

(b) This paragraph makes provisions for exemptions from certain of the label requirements in the case of drugs dispensed on the prescription of a medical practitioner. Here we have the much debated matter of prescription refills. This is the only paragraph in the entire law in which the word "refilling" is mentioned. Sec. 504. This section authorizes the Administrator to promulgate regulations for the certification of coal-tar colors. Sec. 505 (a). This paragraph provides that no "new drug" may be shipped in interstate commerce unless an application for it has become effective. Sec. 505 (b - i). These paragraphs deal with the procedure to be used for filing new drug applications. Regulations make exemptions under certain conditions for drugs intended purely for investigational use. Sec. 506 (a - c). This section gives the details of the procedure for certifying insulin. Sec. 507 (a - f). This section gives the details of the proced re for certifying the antibiotics. Chapter VI - Cosmetics Adulterated Cosmetics Sec. 601. (a) States that a cosmetic shall be deemed to be adulterated if it contains any ingredient which may render it injurious to the user. An exception is made for coal-tar hair dyes provided their label bears a stated "caution" along with adequate directions for making a preliminary test to determine sensitivity. (b) Provides that a cosmetic is deemed adulterated if it consists in whole or in part of a filthy, putrid or decomposed substance. (c) A cosmetic is adulterated if it is packed or held under insanitary conditions. (d) Provides against the use of a container composed of a poisonous or deleterious substance. (e) A cosmetic other than a hair dye is adulterated if it contains a non-certified coal-tar color. Sec. 602. Misbranded Cosmetics.

(a) States that a cosmetic be deemed misbranded if its labeling is false or misleading in any particular. A regulation under this paragraph provides that the labeling of a cosmetic is misleading if it bears false statements with respect to another cosmetic, food, drug or device. Another regulation provides that a cosmetic containing several ingredients may not be given a name which includes or suggests the name of only one such ingredient.

(b) Requires that the label of cosmetics give the name and place of business of the manufacturer, packer or distributor, and a statement of the quantity of contents. Lengthy regulations under this paragraph describe in detail how these statements should appear.

(c) This paragraph and the related regulations provide for the necessary degree of conspicuousness which must be given to required label statements.

To mission work sheld more top exemple of the corresponding the label requirements in the paper of army dispensed on preserispiles of a medical professioners share to have they are derror of prescription religio. This is the only paragraph in the catter law in which the werd "refilling" is much legad. secured of the grant of the state of the sta siche for the cartification of college colors. at boothis on your group month on that no track gay are alife (a) 20c . c. interestric bismorce unless on application for it has become allective. fire. SoS (b - 1). These pringraphs deal with the proc. bute to be exiderer for filling new drug applications. These interestant water outile conditions for drive inter peroly for there is ablend use. out. 506 (a - e). This destion gives the intails of the process of the outling insize. not us corre will be migrical the soul medicine attit (2 - n) for the .andoiditar on satisfactors. Chapter VI + Commettes Status that a commente about the document to be adultarized if it will be excluded at works were so, to produce the enterior aton' behaving some men mel-laco got of on at notification at the told being a sected wordfloor home adds ad quade directions for provide that a countie to do maid as it consists in consists in consists in consists of discounts of an assessment of the adultarity of the package of bold union incoming my arounding a lo a posmeo westerness a to use and damped a blue to (b) William Burn and Ind Alah wo c entelect of it beterotibe of eye test we had noted if the position of the color of the colors . . Office of obvious possechings all anticordest li tobnescaim tomoun of alterate 6 sect autria (r) The or wished the any particular. A regulation on the talk galiculate is alocated a land the land to a commode is mislimited to be de false statement with respect to applied so if it one notice were a great on the year afauthorizes inverse solder take cludes or magnets the class of only one puch ingredient. Augustus the the hand of conducts give the new and place of contains as of the manufacture, packer or distributor, and a statepringraph locaribe to densit here these statements should appear. northper of may! or decomposite scapped college a to engal wires, o. a i their strategith.

- (d) Provides against slack-filled containers.
- Sec. 603. Exemptions.

This section directs the Administrator to promulgate exemptions from labeling requirements in instances where cosmetics in accordance with the practice of the trade are shipped from one establishment to another for purposes of labeling or repacking.

Sec. 604. Provides for the certification of coal-tar colors for use in cosmetics.

# Chapter VII - General Administrative Provisions.

- (a) The power to promulgate regulations, except as otherwise provided in this section, is vested in the Alministrator.
- (b) The Secretary of the Treasury along with the Administrator shall prescribe regulations for section 801 (dealing with imports).
- (c) Authorized hearings shall be conducted by the Administrator or such employee as he may designate.
- (d) Provides that the definitions and standards of this Act shall be effective for the purposes of the enforcement of this Act notwithstanding definitions and standards of other Federal laws.
- (e) Provides for mandatory public hearings upon any proposal to issue, amend or repeal regulations under certain paragraphs of the Act. A detailed procedure is outlined for issuing notice and for holding such hearings.
- (f) (1 6) Provides the details of legal redress given in cases of controversy concerning the provisions of paragraph (e).
- (g) Requires that the Administrator furnish transcripts of hearings to any interested party and make such transcripts admissible in court proceedings.
- Sec. 702. Examinations and Investigations.
  - (a) Authorizes the Administrator to conduct examinations and investigations through any employee of a State, Territory or political subdivision thereof.
  - (b) Provides with certain exceptions that portions of samples taken under the Act be made available to the parties concerned. Lengthy regulations deal with such matters as costly samples, perishable samples, size of samples, samples for analysis, for organoleptic examination and provisions for the eventual destruction of samples.
  - (c) This section empowers the Administrator to have access to the records of any department in the executive branch of the government.
- Sec. 702. This leals with sea-food inspections.
- Sec. 703. Records of Interstate Shipment.

This section is of great importance since violations of the Act result from interstate shipment of illegal products. It provides that carriers engaged in interstate commerce and persons receiving any food, drug, device or cosmetic shall make available to the Administrator or his representatives all records pertaining thereto. Evidence so obtained cannot, however, be used in any criminal prosecution against the person from whom obtained.

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# Sec. 704. Factory Inspection.

This section authorizes representatives of the Administrator to enter any factory, warehouse or establishment which deals in foods, drugs, devices or cosmetics or any vehicle used to transport such products in interstate commerce and to make inspections of equipment, materials, containers and all labeling. Such action can only, however, be taken with the permission of the owner, operator or custodian of such place or such vehicle.

# Sec. 705. Publicity.

(1) Directs the Administrator to publish reports summarizing all judgments.

(b) Authorizes the Administrator to disseminate information regarding situations involving imminent danger to health or gross deception of the consumer.

# Chapter VIII - Imports and Exports.

#### Sec. 801.

(a) This paragraph provides that the Secretary of the Treasury shall deliver to the Federal Security Administrator, upon his request, sumples of food, drugs, devices and cosmetics which are being imported. If on examination it appears that such articles have been manufactured or packed under insanitary conditions, or are forbidden or restricted in sale in the country of origin, or are misbranded or in violation of section 505 dealing with new drugs, then they shall be refused admission to the U.S.

(b) Provides that the Secretary of the Treasury shall refuse delivery to the consignee of articles found at fault and cause their destruction unless they are exported within three months. Under certain conditions articles may, upon the execution of a bond, be delivered to the consignee pending final examination and decision.

(c) This section states that charges for storage, cartage and labor on any article refused admission shall be paid by the owner or consignee.

(d) This section deals with products intended for export. It provides that a food, drug, device or cosmetic may be exported if it is in accord with the specifications of the foreign purchaser and if it is not in conflict with the laws of the country for which it is intended and if the outside of the shipping package is so labeled as to show that it is intended for export.

# Chapter IX - Miscellaneous

Sec. 901. This section provides the usual separability clause.

Sec. 902. This section gives the effective dates of various portions of the Act and the dates of repeal of corresponding former laws.

Today of refrigient well to sovitations order sostrorius notices and div factory, warehouse or establishment which deals in foods, driggs, later or commented or may vehicle used to transport such products in interstate consume and to take then oblighe of designing atternial at contributes and all laboling. Such action on only, honever, be to articles to redering overer, operator or austolian of and place or such vescio.

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(d) This series deals with broducts intended for expert. It provides that a loos, dr e, device or comments may be experted it is in in second with the specifications of the foreign perchaser and if it is not in conflict with the laws of the country for which it is in-Advers on at opening galquide out to oblates out it has tobers as to show that of is intended for extent.

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# Information which must appear on drugs suitable

for counter sale.

ON LABEL

Quantity of contents Name of preparation

List of active ingredients unless preparation is

sold under an official name

Note - Ingredients listed in Sec. 502 (e) be given by quantity. Ingredients listed in Sec. 502 (d) must be listed by quantity followed by statement "warning-May be habit forming."

Firm name and address

IN LABELING

Adequate directions for use including indications

Warnings or cautions if any are necessary

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sold ruider an official name

Note - Ingredients listed in Sec. 502 (e) be eiten by quantity: Ingredients Issed in Sec. 502 (c) must be listed by quantity followed by statement "merrdag-

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# Information which must appear on drugs intended for prescription use.

ON LABEL

Quantity of Contents

Name of preparation

Quantitative statement of all active ingredients

If listed in Sec. 502 (d) must be followed by statement "Warning - May be habit forming".

Statement - Caution: To be dispensed only by or on the prescription of a physician.

Firm name and address

# IN LABELING

Warnings or cautions if any are necessary

Note: - No indications or directions may appear in the labeling of prescription drugs other than the prescription legend.

INLAI (

Quantity of Contents
Name of preparation

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If larged in Sec. 502 (d) mint be followed by state one "Similag".

Statement - Caution: To be dispensed only

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Notes - do indications or directions any appear in the incling of propertiption dynam other and has propertipled depent.

# Uniform Narcotic Drug Act

#### Sec. 1 Definitions

- (1) Person
- (2) Physician
- (3) Dentist
- (4) Veterinarian
- (5) Manufacturer (6) Wholesaler (7) Apothecary

- (8) Hospital
- (9) Laboratory (10) Sale
- (11) Coca leaves
- (12) Opium
- (13) Narcotic drugs
- (14) Federal Narcotic Laws
- (15) Official written order
- (16) Dispense
- (17) Registry namber

#### Sec. 2. Prohibited Acts

It is unlawful for any person to manufacture, possess, sell or administer a narcotic drug, except as authorized by this Act.

#### Sec. 3. Manufacturers and Wholesalers

No person shall manufacture, compound, or grow and no wholesaler shall supply narcotic drugs without having first obtained a license from (Insert state officer or board).

#### Sec. 4. Qualifications for Licenses

No license shall be issued unless the applicant is:

- (a) Of good moral character
- (b) Equipped to carry on the business described in application.

Note: - No license shall be granted to anyone convicted of a narcotic violation within 5 years or to a narcotic drug addict.

#### Sec. 5. Sale on Written Orders

- (1) A licensed manufacturer or wholesaler may sell on official written orders to:
  - (a) A manufacturer, wholesaler or apothecary.
  - (b) A physician, dentist or veterinarian.
  - (c) To a person in charge of a hospital for use in same.
  - (d) To a person in charge of a laboratory for use in same.
- (2) A licensed manufacturer or wholesaler may sell to:
  - (a) A Federal, State or municipal employee who may receive or dispense narcotic drugs as part of his official duties. Such sale to be on a special written order accompanied by a certificate of exemption.

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(a) Equipped to carry on the basiness described in application.

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bec. 5. Sala on Britten Orders

(1) A licensed manufacturer or voolesaler may sell on official written tel sambio

A manufacturer, moderator or apothecary.

A physician, denilar or velerinarian.
To a person an charte of a nordital for use in succession

(d) To a person in charge of a laboratory for was a s mi-

A licensed municipation of wholesaler may bell to: and a reduced by the or municipal employee who may receive or dispense namoptic drugs as part of his official Called. Such cole to be on a special written order secondated by a our illicate of exemption.

- (b) To the master of a ship or a person in charge of an aircraft upon which there is no physician and for the medical needs of the persons on such carrier and provided the sale is made on submission of a special order form.
- (c) To a person in a foreign country in accordance with the Federal Narcotic Laws.
- (3) Use of Official Written Orders.
  Order forms must be signed in duplicate. One must be kept by the purchaser and the other by the seller for a period of at least two years.
- (4) Possession Lawful.

  Possession of narcotics obtained as authorized by Act is lawful if in ordinary course of business or profession.
- (5) A person in charge of a hospital, laboratory, of a ship or aircraft, or a public employee who obtains narcotics as provided in this Act, shall not use such narcotic except within the scope of his official duties and only for scientific or medical purposes.

# Sec. 6. Sales by Apothecaries.

(1) An apothecary, in good faith, may sell or dispense narcotic drugs on a prescription provided prescription is:

Dated and signed by prescriber
Bears name and address of patient or of the owner of animal
Name and address and registry number of prescriber
Species of animal if for animal

The dispenser must write the date of filling and his name on prescription and keep it available for two years. The prescription cannot be refilled.

- (2) The owner of a discontinued pharmacy may sell stock of narcotics on an official written order to a manufacturer, wholesaler or apothecary.
- (3) An apothecary may sell to a practitioner on written order, quantities not exceeding one ounce aqueous or oil solutions of narcotics not exceeding 20% in strength.

# Sec. 7. Professional Use of Narcotic Drugs.

- (1) A physician or dentist may prescribe, administer or dispense narcotic drugs or cause a nurse or interne to do so under his direction.
- (2) A veterinarian may prescribe, administer or dispense narcotic drugs for use by animals or cause an assistant or orderly to do so under his direction.
- (3) Any person who has obtained narcotic drugs for administration to a patient from a physician, dentist or veterinarian during their absence shall return any excess not required by the patient.

Pleasant as to egreed al neared a to quite a to redecim add of upon which there is no production and for the medical goods of the persons or such currer and provided the sale is To a person in a locaten country in accordance with the Federal Mercotte Laws. ent to age to the and . Associate at burds of their more purchased up to to total a for the celter for a period of at levale -ABTE IT CITY It lubral at dak ye has broken as bonked a politoria to collision include course of business or prolession. (a) A to each in charge of a hery test, interresty, of a side or sire cruft, by a poolic employee who obtains narcottee as provided in To orone but nifero tar and phropren form one Jon Lines who add to official drilles and only for solution or solded friends.

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- objection and proceeding such as a displace of disposes as (S) ob of years to instalant he cased to retains ve one to equal . .
- Any person who has obtained narroute deputs for adstractantion to a postern from a province of postern from a province of the control of the patients.

Sec. 8 Exempted Preparations.

Except as otherwise provided the Act does not apply to:

- (1) Prescribing, administering, dispensing or selling at retail any preparation that contains in one fluid or avoirdupois ounce (a) not more than 2 grains opium (b) not more than 1/4 grain of morphine or its salts (c) not more than 1 grain of codeine or its salts, (d) not more than 1/8 grain heroin or its salts (e) not more than one of the drugs named in (a) (b) (c) (d).
- (2) External preparations of such a nature that the narcotic drug cannot be readily extracted but not including preparations of any kind that contain coca leaves.

The above exemptions are subject to the following conditions:

- (a) The exempt narcotic shall not provide the person receiving it with more than 4 gr. opium, ½ gr. morphine, 2 grains of codeine or 1/4 gr. heroin nor more than one such drug in 48 consecutive hours.
- (b) The external preparations referred to must contain in addition to the narcotic drug some other active ingredient.

#### Sec. 9. Records to be Kept.

- (1) Physicians, dentists and veterinarians must keep record of narcotics received and dispensed. In cases of small quantities of preparations used for local application only a record of date made or purchased, quantity and strength need be recorded.

  No record need be kept of any narcotic when the amount administered or dispensed does not exceed in any 48 hours period (a) four grains of opium (b) ½ grain of morphine (c) 2 grains of codeine (d) 1/4 grain heroin (e) a quantity of any other narcotic drug or mixture of such drugs that does not exceed in pharmacologic potency any one of the above.
- (2) Manufacturers and Wholesalers.
  Must keep records in accordance with section 5.
- (3) Apothecaries.

  Must keep records as provided in section 5.
- (4) Vendors of Exempted Preparations.

  Must keep record of quantities purchased and sold in accordance with section 5.
- (5) Form and Preservation of Records.

  The record of narcotic drugs received shall show date of receipt, name and address of person from whom received, kind and quantity of drug received, kind and quantity of drug manufactured.

  The record of narcotic drugs sold or dispensed must show date of selling or administering together with species of animal, if for animal use, and the kind and quantity of drug.

#### Sec. 10. Labels.

(1) A manufacturer or wholesaler must affix a label to each package of a narcotic drug giving his name and address, quantity, kind and form of drug.

Sac. 6 Extended Preparations. to yloge ton alon Jos wit bolivory or briefto at Japan The Liestin de untilles to untercommit and investment and interior prominion that contains in one finid or avordupole o mote (a) not more than 2 grains oping (b) not nore than i/h grain of warphine , will sail to withtoo lo mirry I neds when don (b) attra sit to (d) not more than 1/8 grain haroin or its malts (a) not more than one of the drugs maked in (a) (b) (c) (d). Jonero park offerent and that we tee a does to encitrage to the organical and it is the contract of the balance of the contract of the c that contain occa loaves: shows exemptions are subject to the following conditions: The distribute neered out obtvorm don linde olioonen desea bil one thus 4 gr. opius, & art morphine, 2 grains of coleums he lift er herota nor more than one anoh drug to his consecutive hours: The sternel propertions referred to mast contain a silting to the fletyel avilor to be some gorb alwayer ass along of the first the state of the Physicians, loster a voterioret es and ser proced of reforming salary and displayed in some of small quantities of proparations what for least deplication only a receipt of late made or purchased, Ho sucord need be kept of thy narcotto when the manufadulatiotetd enisty and (a) being served on tor al fourte for moch formerall go of aprime (b) a grain of marginism (c) 2 grains of oddine (d) 1/4 grain herein (e) a quantity of the other marcolle drug or circum the contag of place with at house for such first sport form to sovode odf to one - and acturers and almiestlers. ess idap records in accordance with enablem 5. Apolineourica. to rolfous ni Lobiyong at abroom quod Japa .ado tar recent b femant to arolley northings record of quantities parented and the sound and with dection 5. Form and Frescrivation of Records. daluger to oarb word ilede beriebur agurb oliopers to become mand and oddress of procentric whom received, wind all quantity of as and actions girth to will have been been been gord the record of percette drings sold or dispunsed must show date of sulfing or adult shorter togother with species of animal, if for while to wanter on the first and the your limine WELVERY OF THE (1) A manufacturer of model a wille deum retractority or armis Tunna A (1) ber tale et as siving his nime and sidesas, quackley, blad and · 4 10 5 30 1000

- (2) An apothecary filling prescriptions must affix a label giving his name, address and registry number, name and address of patient or if an animal, the species of animal and its owners name and address as well as the name, address and registry number of the prescriber, along with such directions as stated on the prescription.
- Sec. 11. Authorized Possession of Narcotic Drugs by Individuals.

Persons may legally possess narcotic drugs in the original container if received on prescription.

Sec. 12. Persons and Corporations Exempted.

The provisions of Act restricting the possession of narcotic drugs does not apply to common carriers or warehousemen or their employees or to public officers in course of regular duties.

Sec. 13. Common Nuisances.

Any place resorted to by addicts or used for illegal keeping or selling narcotics is deemed a common nuisance.

Sec. 14. Narcotic Drugs to be Delivered to State Officials.

All narcotic drugs, the lawful possession of which is not established which have come into the custody of an officer shall be forfeited and disposed of as follows:

(a) Court may order it destroyed.

(b) Except for heroin it may be delivered to State.

(c) Drugs delivered to State may be allocated to public hospitals.

(d) A completed record must be kept of drugs delivered to a State and of their disposal to hospitals.

Sec. 15. Notice of Conviction to Be Sent to Licensing Boards.

Records of convictions must be sent to licensing boards and license to practice may be suspended or revoked.

Sec. 16. Records Confidential.

All records and information obtained by enforcement officers is to be kept confidential except in connection with a prosecution or other court procedure.

Sec. 17. Fraud or Deceit.

It is illegal for any person to obtain narcotic drugs by forgery, altering a prescription, by use of false name or address, or other fraudulent or deceitful method.

Soc. 18. Exceptions and Exemptions Not Required to be Negatived.

The burden of proof of any exception, excuse, proviso or exemption is placed on the defendant.

Scc. 19. Enforcement and Cooperation.

Provides for cooperation of all state officers in enforcement of this Act.

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Sec. 20. Penalties.

Vary in different states. No specific penalties provided for in Uniform Act.

Sec. 21. Effect of Acquittal or Conviction under Federal Narcotic Laws.

No person shall be prosecuted under this Act if he has been acquitted of the same offense under the Federal Act.

Sec. 22.Constitutionality.

Provides the usual separability clause.

Sec. 23. Interpretation.

Declares that the intent of this Act is to make for uniform state laws.

Sec. 24. Inconsistent Laws Repealed.

Provides for the repeal of state laws at variance with to a Act.

Sec. 25. Name of Act.

Shall be Uniform Narcotic Drug Act.

Sec. 26. Time of Taking Effect.

This act shall take effect.....(as adopted by the various states).

Very in different states. No specific pushities provided for in Juliana

No person shill be prosecuted under this Act if he has been regulated of the branco of the branco under the Federal Act.

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Sec. 25. Name of Act.

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# Viruses, Serums, Toxins and Analogous Products Law.

Note - There are two Federal laws covering viruses, serums and toxins.

One pertaining to products for human use is part of the Public Health

Law and comes under the jurisdiction of the United Public Health Service.

The other applies to products for animal use and comes under the jurisdiction of the Department of Agriculture.

For Human Use

Title 42, Chapter 6A - U. S. Code 1946

Sec. 262.

- (a) Forbids the interstate shipment or importation or possession of any virus, therapeutic serum, toxin, antitoxin or analogous product or arsphenamine or other trivalent organic arsenic compound applicable to disease in man unless the manufacturer is licensed to manufacture the product and unless each package is marked with the name of the article and the address and license number of such manufacturer along with an expiration date.
- (b) This paragraph forbids the false labeling or the altering of label on such products.

Regulations governing licenses provide that products for which a license is desired must meet standards of safety, purity and potency prescribed in regulations made jointly by the Surgeon General, the Surgeon General of the Army, the Surgeon General of the Navy and approved by the Administrator.

Regulations governing labeling provide that the following items appear on the outside label:

- (1) Name of manufacturer
- (2) Address of manufacturer
- (3) License number
- (4) Proper name of product
- (5) Minimum potency of product
- (6) "No U.S. standard of potency" if no such standard is established.
- (7) Lot number
- (8) Date of manufacture or issue with period of potency; or the expiration date.

# Visuges, Suruns, Toxins and Analogous Projucts Law.

Note - There are two F devel laws covering virusos, struss and toxins.

One pertaining to products for human was it part of the inhite mould be and comes under the jurisdiction of the United Public Health Sarvier.

For eacher applies to products for animal use and comes under the jordsdiction of the Jepart ont of A righture.

For Manual You

Title h2, Chapter 6A - H. S. Code 19h6

.Sec. .bed.

- (a) Forbids the interstate snipsant or importation or possession of any virus, thereposethe serum, texin, antitexin or analogous product or virus, thereposethe serum, texing the relation or other trivalent or analogous product to discouse in man unless the mesufactorer is also account or ablantation of the product and unless one passage is marked with the mass of the mass of the author with the nitrues and license number of such caust sector.

  135th vitte to expiration date.
  - (b) This paragraph forbide the false labeling or the altering of label to on each products.

Regulations governing literages provine that products for which a literage in desired must meet schoolers of sainty, portry and potency prescribed in regulations and e jointly by the Conrect Courtly two purpose Convert of the Army, the conrect Convert of the Bry and approved by the Educations strator.

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(8) Date of premineture or intro with period of potency; or the contra-

#### Virus - Serum - Toxin Act of 1913

#### For Animal Use

#### Title 21, Chapter 5, United States Code 1946

- Sec. 151. Forbids the interstate shipment or possession of any virus, serum, toxin or analogous product intended for the treatment of domestic animals unless manufactured under a license issued by the Secretary of Agriculture.
- Sec. 152. Forbids the importation of such products without a permit by the Secretary of Agriculture.
- Sec. 153. Authorizes the Secretary of Agriculture to cause the Bureau of Animal Industry to examine and inspect all such imports and gives him power to destroyor return, at the expense of the owner, all deficient products. The regulations applying to the labeling of such products require the following information:
  - (1) Name of product
  - (2) Name and address of licensee
  - (3) License or permit number
  - (4) Manufacturers lot number
  - (5) Expiration date
  - (6) A dosage table and instructions for the proper use of the product or a statement as to where such information can be found.
  - (7) Quantity of contents(8) Storage instructions
  - (9) In the case of multiple dose containers, a statement to the effect that the entire contents should be used at the time the container is first opened.
  - (10) Certain special statements in the case of Koch's old tuberculin (K.O.T.)
  - (11) The notice "Caution Burn this container and all unused contents" in the case of products composed of viable or dangerous organisms or viruses.
  - (12) All other similar information required by the Chief.

#### Mirus . Sorum . Toxix ast of 1921

For Animal Use Title 21, Chipter 5, United States Code 1946

- Eco. 151. Porbids the interstate saircent or possession of any virias scrutttexin on analogous product intended for the treatment of issaids animals unless manufactured under a license issaid by the Secretury of Articulture.
- Sec. 152. Forbide the importation of such products without a permit by the Secretary of Agriculture.
- Sec. 153. Authorises the Secretary of Agriculture to cause the Derest of Asherl Intustry to exactne and inspect all sech imports and five him power to destroyer roturn, at the expense of the ewner, all lefficient products. The regulations applying to the labeling of gueb products according to the following informations
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  - (10) Certain special statements in the case of Koch's old teberculin
- The notion "Caution Burn this contrinor and all mused contents" in the case of projects composed of wishio or dam grous organisms or vireses.
  - (12) All other similar interpretation required by the Charle.

# Federal Insecticide, Fungicide and Rodenticide Act. Public Law 104

#### Sec. 1. Title - as above

#### Sec. 2. Definitions

- (a) Economic poison
- (b) Device
- (c) Insecticide (d) Fungicide
- (e) Rodenticide
- (f) Herbicide
- (g) Weed
- (h) Insect
- (i) Fungi
- (j) Ingredient statement - means either:

Name and percentage of each active ingredient, together with the total percentage of the inert ingredients.

- (2) Name of each active ingredient, together with the name of each and total percentage of inert ingredients. (Option (1) shall apply to preparations highly toxic to man). In addition to (1) or (2) a statement of percentages of total and water soluble arsenic, if any, must be provided.
- (k) Active ingredient
- (1) Inert ingredient
- (m) Antidote
- (n) Person
- (o) Territory
- (p) Secretary
- (q) Registrant
- (r) Label
- (s) Labeling
- (t) Adulterated

If strength or purity falls below the labeled standards or any substance has been substituted or if any valuable constituent has been abstracted.

- (u) misbranded
  - (1) If label bears any statement or design which is false or misleading.
  - (a) If it is an imitation of another economic poison.
    - (b) If its labeling bears any reference to the registration of the product.
    - (c) If its labeling fails to bear adequate directions.

    - (d) If its labeling fails to bear adequate warnings.(e) If its labeling fails to bear required ingredient statements.
    - (f) If required label statements fail to have proper conspicuousness.
    - (g) If in the case of an insecticite, fungicide, or herbicide when used as directed it is injurious to man or other vertebrate animal or to vegetation except weeds.

#### Sec. 3. Prohibited Acts.

(1) The sale of unregistered economic poisons or the sale of such products which differ in claims, directions or composition from the registered product.

# Foderal Inscotletto, Fin Tolde and Redam iside Act. Public law 100

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2. Definitions

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(1) The sale of unrestatored commade poisons or the sale of such proand word maintenance or another the anti- in a Table double store .Toring burodalgur

(2) The sale of any economic poison unless it is in the registrants unbroken package and bearing a label giving: (a) Name and address of registrant or manufacturer (b) Name of product with brand or trade-mark. (c) Net weight or measure of contents (3) The sale of highly toxic economic poisons unless the label also bears: (a) Skull and crossbones (b) The word "poison" prominently displayed in red. (c) A statement of an antidote. (4) The sale of certain listed arsenates, fluorides and barium compounds unless distinctly colored. (5) Any product, adulterated or misbranded. Note - No article intended for export is in violation of this Act if it is prepared and packed in accordance with the specifications of the purchaser. It is also unlawful: (1) For any person to alter, deface, or detach any required labeling or to change its composition. (2) For any manufacturer, distributor or carrier to refuse access to records. (3) To give a false "guarantee" (4) For any person to use to his own advantage any information acquired through the requirements of this Act. Sec. 4. Registration. (a) General provisions for registration of products with specific required information as follows: (1) Name and address of registrant (2) Name of product (3) A complete copy of labeling including claims and directions. (4) If requested by the Secretary a full description of tests made and upon which claims are based. (b) Empowers Secretary to request a complete formula of an economic poison. (c) Provisions for registration "under protest" when there is a difference of opinion concerning claims, etc. (d) Provisions for the shipment of unregistered economic poisons from one plant to another when both are owned by same person. (e) Provisions empowering Secretary to cancel registrations after 5 years unless registrant requests continuation. Sec. 5. Books and Records. Manufacturers, distributors and dealers must make records available to employees of U.S. Department of Agriculture but information so obtained shall not be used in criminal prosecution of person from whom obtained. Sec. 6. Enforcement. (a) Secretary is empowered to make regulations and is authorized after opportunity for hearings.

The older of any communic polace unless it is in the registrants unicokon package and bearing a label givings. negation for the state of the state of the same (a) (b) Name of product with brind or trade-mark. binches to orbacon to Julylow doil (c) The sale of highly texte accounts poisons unless the label size (a) Simil and cycasbones . (b) I'm word "poison" prominently displayed in rod. (c) A state cont of an antidote. The sale of certain listed arsentes, fluorides and buring comcountry unless distinctly colored. top product, adulturated or simbranded. al di la dal silf to notteloiv ni si drogre nol lepnotni elalite od - sack propried and proked in accordance with the specifications of the purchaser. (1) For any person to alter, diffee, or detach any red ired hapoling or, richer Con cele at 31 o change its composition. for any manufacturer, distributor or carrier to refuse accise to To give a Caldo "guarantee" (1) for any person to sae to his own thy untrigs any information required through the requirements of this act. enchantaland of each -or officeral provisions for neglectered for of products with specific rointeresting an follower smartelyer to sauth a bne sark . manufact to an enter antiques and directions A Jobbong to small (S) If requested by the Decreting a full lescription of tists and upon which claims are breed. Second a locality to regulate a complete formula of an accounts Provinces for registration "testor protest" when there is a diffforence of opinion concerning claims, etc. Provisions for the chippent of meregistered economic poisons from one plant, to another when both are esmed by some person. Providence compowering Secretary to comment registers and reverse (0) reare unless registrant requests continuated Sec. 5. Books and Records. of effections, distributors, and dealers must must record available to employees of U.S. Department of Applealiture but inforantion so coluined shall not be used in original proposettoh of person from school obtained. Sec. 6. unfordement. notic bestronius at the amoitrfuger east to manufact at the sucher (c) opportunity for norringe.

(1) To declare a post any form of plant or animal life or virus which is injurious to plants, man or animals.

(2) To determine which economic poisons are highly toxic.

- (3) To determine standards of required colors for highly toxic poisons.
- (b) Empowers the Secretary of Treasury and the Secretary of Agriculture to jointly prescribe regulations for imports.

(c) Provisions for making examination of economic poisons, for holding hearing and proceedings in cases of alleged law violations.

(d) Requires U.S. attorney to bring proceedings when violations are reported by Secretary.

(e) Empowers Secretary to publish judgments.

#### Sec. 7. Exemptions.

(a) The Act does not apply:

(1) To persons who purchased under a guarantee.

(2) To carriers who make records available.

(3) To public officials.(4) To manufacturers on shippers of products for experimental use.

#### Sec. 8. Penalties.

Various penalties for violations of different sections of the Act. They run as high as imprisonment for 3 year and \$10,000 fine or both.

#### Sec. 9. Seizures.

(a) Provides for seizure and contemnation as follows:

(1) In case of economic poisons

(a) If adulterated or misbranded

(b) If not registered

(c) If label fails to bear required informatio:

(d) If not colored as required

(2) In case of a device - if it is misbranded.

- (b) Gives details of disposal of products which are condemned by court action.
- (c) Requires court, storage and similar fees to be paid by owner of product.
- Sec. 10. This section deals with imports of economic poisons and provides for the joint duties of the Secretary of Agriculture and Secretary of Treasury.
- Sec. 11. Delegation of Duties. Empowers the Secretary to delegate powers to his employees.
- Sec. 12. Outlines provisions for necessary monetary appropriations and expenditures.
- Sec. 13. Empowers the Secretary to cooperate with other Federal departments.
- Sec. 14. Usual separability clause.
- Sec. 15. Effective dates of the various provisions of the Act.
- Sec. 16. Dates of repeal of the various previous legal requirements.
- Note A lengthy series of regulations have been enacted which go into great detail as to the interpretation of the various provisions of the Act.

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#### Federal Caustic Poison Act

#### Title 15, Chapter 11 - U.S. Code 1946

Sec. 401. Citation - Act is known as Federal Caustic Poison Act.

#### Sec. 402. Definitions.

(a) "Dangerous caustic or corrosive" substance means:

(1) Hydrochloric acid, 10% or more

(2) Sulfuric acid, 10% or more

(3) Nitric acid, 5% or more

(4) carbolic acid, 5% or more (5) Oxalic acid, 10% or more

(6) Salts of oxalic acid, 10% or more

(7) Acetic acid, 20% or more

- (8) Hypochlorous acid, free or combined, to yield 10% or more of chlorine excluding calx chlorinata, bleaching owder and chloride of lime.
- (9) Potassium hydroxide, 10% or more
- (10) Sodium hydroxide, 10% or more
- (11) Silver nitrate, 5% or more
- (12) Ammonia water, 5% ore more
- (b) "Misbranded" means a retail package not labeled with:

(1) Common name of substance

(2) Name and address of manufacturer, packer or distributor.

(3) The word "poison" in manner specified.

- (4) Directions for treatment in case of injury caused by product.
- (c) "Interstate or foreign commerce" defined.

#### Scc. 402. Misbranded shipments.

No person shall ship in interstate or foreign commerce any dangerous or caustic substance in a misbranded package or container suitable for household use but this section does not apply to:

(a) Common carriers shipping or delivering in the ordinary course of

business.

(b) To a product intended for export if labeled in accordance with specifications of the purchaser and if not in violation of the laws of the country to which it is being exported.

(c) To anyone purchasing a product under a guarantee.

#### Sec. 404. Libel for Condemnation Proceedings.

(a) Misbranded products may be proceeded against and are subject to possible condemnation if the product is:

(1) Shipped in interstate or foreign commerce.

(2) Held for sale after so being shipped.

- (3) Held for sale in any Territory, possession or in the Jistrict of Columbia.
- (b) If condemned a product may be disposed of:

(1) By destruction

- (2) By sale with guarantees that it will not be resold illegally.
- (3) By delivery to the owner with guarantees that it will not be sold illegally.

Foderal Curatio Palson Acti Title 15; Concept 11 - 4.5. Code 1916.

See. [Ob. Classics - Act is lower as Judges] Campus reach Acts

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- Sec. 405. This section provides for joint action on the part of the Secretary of Agriculture and Secretary of Treasury to prevent illegal imports.
- Sec. 406. This section makes it unlawful for any person to alter, mutilate or destroy any required label.
- Sec. 407. Penalties.
  Not more than \$200 fine or 90 days imprisonment or both.
- Note A lengthy series of regulations provide in great detail the procedure under which the various provisions of the Act are to be carried out.

Sec. 1994. This section provides for joint action on the part of the Bestellary of Agriculture and Sectionary of Decreasing to prevent Miligal imports.

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#### Federal Trade Commission Act.

Title 15, Chapter 2 - U.S. Code, 1946

This Act creates a commission of five known as the Federal Trade Commission appointed by the President with the advice and consent of the Senate. The appointments are for seven years and not more than 3 members may be members of the same political party.

The Commission has the power to investigate, hold hearings and to issue cease and desist orders in connection with any unfair methods or deceptive acts of competition in commerce. Such unfair methods include alleged violations of the Antitrust Acts, the Robinson-Patman Act, the Sherman Act and the use of false and misleading advertising.

- Note Only the false advertising features of the Federal Trade Commission Act are discussed here.
- Sec. 52. Dissemination of False Advertising.
  - (a) It is unlawful to disseminate any false advertising:
    - (1) By U.S. mails which would induce the purchase of food, drugs, devices or cosmetics:
    - (2) Or by any other means:
  - (b) The dissemination of false advertising is leclared an unfair and deceptive act.
- Sec. 53. Commission May Bring Suit.
  - (a) Whenever it has reason to believe:
    - (1) That a person is engaged in or is about to engage in the dissemination in violation of section 52.
    - (2) That the issuance of a temporary injunction would be in the interest of the public.
  - (b) Provides that the court may exclude any publication from a restraining order if such order would cause an unreasonable delay in the issuance and lelivery date of such publication.
- Sec. 54. Penalty; Liability; Exception of Advertising Media.
  - (a) Provides penalties of \$5,000 and imprisonment of not more than six months or both for first offense and double these penalties for subsequent convictions.
  - (b) Excludes publishers, radio-broadcasters and advertising agencies from responsibility unless they refuse to furnish to the Commission the name and address of the firm which caused them to disseminate the false advertising.
- Sec. 55. Definitions.
  - (a) False advertisement
  - (b) Food
  - (c) Drug
  - (d) Device
  - (e) Cosmetic

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MARKETING DRUG PRODUCTS

Dr. Herman C. Nolen McKesson & Robbins, Inc. STOREGIE DING STEERING

Avidan C. Heren C. Helen

#### Marketing by Manufacturers

#### Lecture Number 1

- I. Manufacturers who market products through retail drug stores may be divided into several distinct groups pharmaceutical, proprietary, toiletries and cosmetics, sundries, tobacco, and fountain supply manufacturers. Each group of suppliers faces different conditions and problems although they all market a substantial part of their production through the same type of retail outlet.
- II. The basic objectives of suppliers common to manufacturers marketing through retail pharmacies:
  - To supply consumers and distributors with the exact merchandise needed, at the time it is needed, in the quantities required, and at fair prices.
  - 2. To perform the marketing functions so that the finest possible service is rendered their customers.
  - 3. To cooperate with their distributors in such a way as to maintain the closest and most cordial relations with these customers.
  - 4. To standardize the lines and items carried so that distributors do not need to stock merchandise for which there is no real demand.
  - 5. To protect consumers and distributors against the violation of our national, state, or local laws.
- III. The basic policies underlying the marketing of products by drug manufacturers:
  - 1. All products should be good values.
  - 2. Products should be drug store products.
  - 3. Products should be priced right.

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Lecture Number 1 -- page 2.

- 4. Products and lines should have a sound profit structure for the distributor.
- 5. Products should have a low handling cost or an adequate margin to cover high handling costs.
- 6. Products should have a real and steady demand.
- 7. Manufacturers' marketing policies should be tuned to retail pharmacy operation.
- 8. Should keep in mind means and methods of safeguarding distributors against price declines when these declines may present serious problems to distributors.
- 9. Producers should carry adequate products liability insurance.
- 10. Fair Trade or stabilization important.
- 11. Manufacturers' past history should be satisfactory.
- 12. Future prospects for products should be good.
- 13. Manufacturers should have a plan for moving products from retailers' shelves.

#### IV. Marketing of pharmaceutical products:

- 1. What are pharmaceuticals?
- 2. Size of market.
  - a) Probably about \$700,000,000 at manufacturers' selling prices including perhaps \$100,000,000 of which is sold to hospitals.
  - b) Prescription volume in retail pharmacies is estimated by Drug Topics as about \$579,000,000 in 1949. Discrepancy in figures for a) and b) caused in part by over-the-counter sale of items produced by pharmaceutical manufacturers.
  - c) Market expanding and growing rapidly. Over one half
    of Rx volume in items not in existence six years ago.

- 1. Products and three should have a sound profit attracture for
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#### Lecture Number 1 -- page 3.

- How Rx products originate. Largely through research. Amount spent on pharmaceutical research.
- 4. Pricing pharmaceutical products:
  - a) Cost to produce
  - b) Length of market
  - c) Competition
- 5. Planning the marketing of Rx products.
- 6. Methods of promotion:
  - a) Detailing of doctors
  - b) Consumer advertising
  - c) Advertising to distributors
  - d) Promotion plans
- 7. Marketing to drug stores.
- 8. Marketing to hospitals.

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#### MARKETING MANUFACTURED PRODUCTS

#### Lecture Number 2

#### Marketing Proprietaries

- I. What are proprietaries? How they differ from pharmaceuticals and toiletries.
- II. Size of Proprietaries market.

Product	Total Consumer Purchases in Millions	Sold in Drug Stores in Millions	% of Drug Store Sales	% of Total Sales Sold in D.S.
Home Medicaments	546	413	11.19%	75.56%
Vitamin Concentrate	s 188	165	4.47	87.62
Sickroom Supplies	75	49	1.32	65.39
First Aid Goods	83	68	1.84	81.90
Foot Products	30	18	.48	58.41
Animal Items	125	44	1.18	35.01
Home Sanitation	98	23	.61	23.21
Feminine Needs	158	90	2.43	56.71
Baby Goods	301	101	2.75	33.70
Oral Hygiene	151	94	2.56	62.18
Total	\$1,755	\$1,065	28.83%	

- III. Drug Store Competition in this field:
  - 1. Sundries stores
  - 2. Grocery stores
  - 3. Super markets
  - 4. Department stores
  - 5. House-to-house selling
  - 6. Other

#### COUNTY CHARGOST AND PRODUCTS

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#### Lecture Number 2 -- page 2

#### IV. How proprietary products originate:

- 1. Planned development
- 2. Private formula
- 3. Specific examples:
  - a) Anahist
  - b) Hadacol
  - c) Antamine

#### V. Pricing proprietaries:

- 1. Typical retail margins
- 2. Typical wholesaler margins
- 3. Typical manufacturer margins
- 4. Odd prices
- 5. Influence of other than drug channels.
- Vl. Profitableness of proprietaries.
- VII. Planned marketing of proprietaries.

#### VIII. Methods of promotion:

- 1. National advertising:
  - a) Newspaper
    - b) Magazine
    - c) Radio
    - d) Television
    - e) Sampling
    - f) Other
- 2. Point of sale promotion:
  - a) Windows
  - b) Interior

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      - b) Interior

#### Lecture Number 2 -- page 3.

- 3. Cooperative advertising:
  - a) Chain store
  - b) Department store
  - c) Other
- 4. P. M.'s
- 5. Deals, bonus goods, etc.
- 6. Quantity discounts
- 7. Displays and other.
- IX. Trends in Marketing of Proprietary Products:
  - 1. Market declining percentagewise
  - Pharmaceuticals today are expanding more rapidly than proprietaries
  - 3. Trends in grocery and super market competition in this field
  - 4. Governmental agencies getting stricter in regard to promotional claims made by proprietary manufacturers.

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### MARKETING MANUFACTURED PRODUCTS

#### Lecture Number 3

#### Marketing Toiletries and Cosmetics

I. What are toiletries and cosmetics.

#### II. Size of Toiletries Market:

Product	Total Consumer Purchases in Millions	Sold in Drug Stores in Millions	% of Drug Store Sales	% of Total Sales Sold in D.S.
Cosmetics	304	99	2.68%	32.51%
Personal Cleanli	-			
ness Items	415	66	1.78	15.84
Hair Products	285	135	3.67	47.45
Hand Products	67	28	.76	42.29
Shaving Products	233	109	2.95	46.77
Total	\$1,304	¥437	11.84%	~~~~

#### III. Drug Store Competition in this field:

- 1. Department Stores
- 2. Syndicate stores
- 3. Grocery stores
- 4. Supermarkets
- 5. House-to-house selling
- 6. Other

#### IV. How toiletries items develop.

#### V. Pricing toiletries:

- 1. Typical margins for retailers
- 2. Typical margins for wholesalers
- 3. Typical margins for manufacturers

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#### Lecture Number 3 -- page 2.

- 4. Pricing cosmetics
- 5. Pricing soaps
- 6. Fricing home permanents

#### VI. Profitableness of toiletries:

- 1. To retailer
- 2. To wholesaler
- 3. To manufacturer

#### VII. Planned merchandising.

#### VIII. Methods of promotion:

- 1. National advertising
- 2. Point of sale displays
- 3. Cooperative advertising
- 4. Demonstrators
- 5. P. M.'s
- 6. Deals, bonus goods
- 7. Quantity discounts
- 8. Sampling

#### IX. Trends in Toiletries marketing:

- 1. Relative growth of groups:
  - a) Cosmetics
  - b) Hair products
  - c) Shaving needs
- 2. Competitive trends.

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#### MARKETING MANUFACTURED PRODUCTS

#### Lecture Number 4

#### Marketing Sundries and Miscellaneous Products

I. Types of items included in this group.

#### II. Size of Sundries and Miscellaneous Market:

Product	Total Consumer Purchases in Millions	Sold in Drug Stores in Millions		% of Total Sales Sold in D.S.
Photographic				
Products	364	77	2.08%	21.11%
Stationery and W.	I. 467	75	2.05	16.15
Household Product	s 168	12	•32	6.98
Confectionery	1,855	193	5.23	10.39
Periodicals	1,489	123	3.32	8.23
Tobacco	4,124	420	11.40	10.19
Liquor	8,800	83	2.26	•95
Misc. Products		171	4.63	
Total		\$1,154	31.29%	

III. Drug Store Competition in this field.

# IV. Pricing this type of merchandise including retail and wholesale margins:

- 1. Photographic items
- 2. Stationery
- 3. Periodicals
- 4. Confectionery
- 5. Tobacco
- 6. Sundries

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211.12	2,08%	75		
16,15	8,05	75	467	Stationery and hate
58.0.	35.			
70,39	543		T <sub>1</sub> B55	Conferrageagy
25.0		123	204.1	
10.79	11,40	420.	1014	000,640
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#### Lecture Number 4 -- page 2.

#### V. Profitableness

#### VI. Methods of promotion:

- 1. National advertising
- 2. Local advertising
- 3. Point of sale displays
- 4. Deals, bonus goods, etc.
- Quantity discounts (less common than among proprietary products)

VII. Marketing Trends.

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# Bibliography

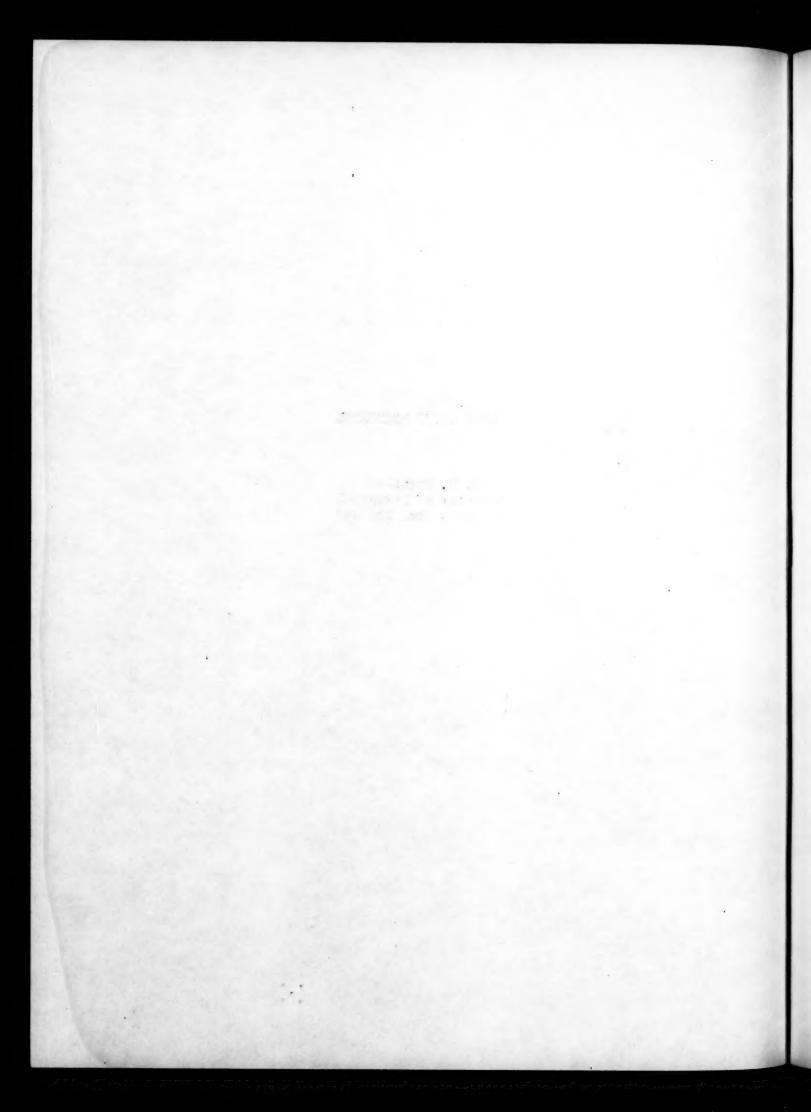
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DRUG STORE PERSONNEL

T. G. Crawford Director of Personnel Walgreen Drug Stores



#### FIRST SESSION

#### Mr. Chairman and Ladies and Gentlemen:

I appreciate very much the opportunity of meeting with you today and tomorrow to discuss the important problem of personnel administration as it pertains to the retail drug field.

This whole conference is certainly a progressive step forward, since about 80% of Pharmacy graduates choose to enter the field of Drug Retailing. Forward, because it is the beginning of a plan to incorporate the teaching of sound business practices in the curricula of the Colleges of Pharmacy.

Today's Retail Pharmacist is both a professional and a businessman. For him to be successful, it is necessary that he have a thorough understanding of the fundamentals of good business procedures.

During this seminar, considerable emphasis has been given to merchandising, marketing, accounting, economics, and management, all phases of controlling the tangible assets of a drug store. Certainly potential retail pharmacists need to know about all of these important subjects. But they must also be aware of the fact that a drug store has

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another type of assets - intangible assets - which do not necessarily appear on the balance sheet, but must also be built up and properly maintained.

The intangible assets of any retail drug store are extremely important to its success. How well will the tangible assets of a drug store be used unless that store has stable, productive and satisfied employees? Does it make any difference if the sales personnel are friendly and helpful as compared with being surly and treating customers in an abrupt manner? Does it make any difference whether or not the salespeople have been on their job for some time, know where merchandise is located, and also know the selling points of the merchandise? Does it matter if the store personnel do not respect the proprietor or manager of the store and do just as little work as they can get by with? The human assets of a drug store can make it or break it - yet they, as mentioned before, do not appear on the balance sheet, and many pharmacists pay little attention to them.

Now, to be sure, retail drug stores are not the only stores where the development and maintenance of these intangible, human assets have been overlooked. The whole retailing field has lagged far behind the procession in this regard. Some years ago, retail stores were engrossed in buying - on the theory that if they stocked the goods people wanted, the goods would sell themselves. Then someone discovered that by doing a

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emany in the authors. How well will the targible sesses of adong a tree or and adding a tree or and a district or and unless that serve mes stable, productive and satisfied and tree or the analysis of the serve mest stable, productive and satisfied and analysis of the serve and stable of the serve and analysis of the serve and analysis of the server of the server and analysis of the server of the analysis of the server of the server

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smart job of merchandising and advertising, people would buy more and different goods. So, many of the retailers climbed on that band wagon. Recently, however, a number of retailers have realized that they have been overlooking a very important aspect of their business and they are now giving increasing attention to sound personnel practices. It is extremely encouraging to see the progress which those farsighted retailers have made and the excellent results which they have already obtained.

Here are some figures for retail drug stores which will show you why the retail pharmacist must also give more and more attention to his human assets. According to the Lilly Digest of the 1948 statements of 1,122 retail drug stores, in 1939 the average gross profit margin of all drug stores was 32.7%; in 1946 this margin was 32.3%; in 1947, 32.3% and in 1948 it was 32.6%. In other words, over the years this margin has remained remarkably constant.

Now, out of this gross profit the druggist must pay all his selling and other operating expenses - and what is left, minus taxes, is his net profit. The Lilly survey further shows that most overhead expenses have increased substantially the past several years, especially when salary costs are examined. Wages and salaries paid to employees, proprietors or store managers in 1939 were 15.5% of total sales;

construction of the variable and entertising, people would buy more an interest process for many of the relations of this setation of the relations of the factors and the variable of the process of the position of the position of the process of t

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in 1946, 15.5%; in 1947, 16.4% and in 1948 were 17.0%. This shows an increase in salary costs of approximately 10% for the period 1946 to 1948.

The answer to this problem of increased salary costs will not be in reduced wages or increased hours, inasmuch as it appears that employees wages will be further increased and working hours shortened.

In order to attract the right kind of applicants, it is important to be competitive in wage levels and working hours. After all, when wages are paid manpower is purchased and like most anything else one gets just what they pay for.

It should also be further noted that during the past few years with better wage levels and improved working conditions and hours, the retail drug business offers an attractive career. Let's all keep it that way:

From these facts you can readily see that the most important factors in the answer to this problem are that a much better job must be done in the selection of employees, and in the follow through on employee training.

This will have several beneficial effects. Stable, productive and

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satisfied employees have a direct bearing on total sales. Salespeople who are well suited to their jobs and who like their work, sell more.

And after all, each one of the employees is a personal representative of the store. They can build either good or ill will. Customers like to trade at a store where employees are courteous and efficient and they will buy more at such a store. As a result, by improving his employees, a druggist can increase his total store sales and profits.

Another effect of improving employee efficiency and morale is that other costs are cut. Good employees are careful with stock - there is less breakage, less spoiled merchandise. Furthermore, good employees are careful with materials and supplies, are honest and reliable. Considerable savings of this sort can be realized.

Still another effect - Increased savings because of a decrease in personnel turnover. Many proprietors or store managers do not realize that hiring is investing. Every new person hired represents a considerable investment of both time and money - it takes time to hire him, to train him, to give him extra supervision while he is breaking in on the job; it takes money to pay for the recruiting expenses, and to pay him until he fully earns his keep. When an employee leaves after only being with the store for a short time, all this investment is lost - just as surely as if the proprietor or store manager had taken money from the cash register and burned it.

sittedied employees have a direct bearing on total sales. Salespeople were are well suited in their jobs and who like their work, sell more. And they all, well one of the employees is a personal espresentative of the store. They can build either good on ill-will. Customers like to trade as a store where employees are courteous and efficient and they will buy mater at such a store. As a result, by improving his employees a drugglet can increase his total store sales and profile.

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These several effects would indicate that the retail druggist can no longer ignore his human assets. His employees play such a vital part in his success that he must develop and maintain a stable, productive and satisfied work force. Wages and salaries not only make up approximately 65% of his selling expenses - but, in addition have a direct bearing on his total store sales, his other costs and his profits:

\* \* \* \* \* \* \* \* \*

Now, the all important question is: How can a retail druggist improve his employees? How can he build and maintain a truly stable, productive and satisfied work force? And the answer to that is: He must have a sound personnel program which should include a systematic selection procedure, employee training and sound personnel policies. Such a program is by no means a luxury or some sort of an impractical, humanitarian plan for coddling employees. It is an absolute necessity for the successful operation of any retail drug store regardless of size.

The balance of the time we have allotted together for today and tomorrow we will spend outlining the nature and scope of a sound personnel
program for any retail drug store. What should the basic personnel
policies of a retail drug store be? What methods and procedures should
a druggist use to carry out his personnel policies? Both questions are
important because you have to know both, what you are trying to do, and

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a proportion because you have to know both, what you are trying to do, and

how to go about doing it.

What we shall do, is to discuss one of the most important phases of the personnel program - employee selection - in considerable detail and then consider primarily the policy aspects of the other phases.

Such an approach will save time, and should fit your needs in planning course material on personnel procedures. There is an abundance of good literature on most of the other phases of personnel work, and using the specially prepared bibliography as a starting point, you should have no difficulty in rounding out good course outlines.

It should be emphasized, however, that all personnel activities have a common objective, they are all inter-related. It is foolish, for example, to do an excellent job of employee selection and then do an indifferent job of handling the employees once they are on the payroll. Similarly, no amount of adept handling of employees will ever make up for the fact that the wrong ones were hired. Every personnel activity is important in its own right, but each one must be fitted in, balanced and integrated, with all of the other personnel activities to achieve a meaningful and effective total personnel program. While we can talk about various activities separately, they should never be considered as ends in themselves. It's rather like a Chinese puzzle which will not stay together until all of the pieces are in their proper places.

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### II. EMPLOYEE SELECTION

Now, let's consider this matter of employee selection.

Sound employee selection is the first step in an integrated personnel program, and it is an extremely important one because it provides the foundation on which to build. Without sound initial selection of employees the rest of the personnel program is built on shifting sand.

What are our objectives in selection? What is a sound fundamental policy? First of all, the druggist must select employees who can do the jobs that are to be done. By this is meant that he must select people who are reliable, trustworthy, courteous, have a wholesome attitude, and present a good appearance and manner for the job. But that is not enough. After all, many people can do things, but are inclined not to. Therefore, the druggist should attempt to find individuals who will do their work well, and get along well with other people. So, he must look for people who not only can, but who also will do their jobs.

But if you ask many druggists why they hired a particular employee, they are apt to tell you, "Well, he needed work and I figured we could use him." It is surprising how many druggists have no systematic procedure for hiring employees. They many times hire from the heart rather than hiring employees because they can and will perform a specific service.

They may talk to applicants for a few minutes and then hire strictly on a

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"hunch" basis - unfortunately their hunches may be much more often wrong than they are right. There is no way of spotting good applicants just by the way they look or the way they act in a few minutes of casual conversation.

Selecting employees is essentially a matter of prediction. When a druggist hires a man he does so because he is predicting that man will be successful on the job - that he will become a valuable human asset to his drug store. Similarly, when a druggist turns down an applicant for a job, he is predicting that the man would fail on the job - that he would be a liability to his store.

If the druggist is to make sound predictions of job success, he must base them on facts, not on hunches or impressions. Furthermore, these facts must be complete and relevant. What is needed, therefore, is a simple yet thorough procedure for druggists to use in gathering and interpreting facts about applicants.

The following is a selection procedure which we believe you will find meets both of these requirements. We do not know of any selection system which is perfect, but by the use of the following techniques, surprisingly accurate predictions of job success have been made. These same principles of personnel selection can be used very easily by the drug store with few employees, as well as larger stores with many more

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employees. The plan is basically nothing more than organized, good common sense.

A good selection program consists of the following steps:

- 1. First, it is necessary to make a survey of the work to be done, and then determine what sort of people are needed to do that work. It is not enough just to know job titles, in addition it is important to know exactly what the jobs involve in order to select the kind of people who can fill them successfully. By analyzing the duties and responsibilities of each job carefully and by reviewing the records as to the types of people who have been both successful and unsuccessful on that job - a yard stick may be developed to be used in measuring future applicants for that particular job. Any drug store proprietor or store manager can do the same thing regardless of the size of his store. It is essential that he have a clear idea of what he is looking for before he tries to predict job success.
- 2. Second, - engage in some active recruiting. A sufficient number of well-qualified applicants may not be available without actively looking for them. Recruiting may mean letting customers and present employees know that a new employee is needed; it may mean contacting schools and colleges; or it may mean calling employment agencies and running classified ads. A good recruiting

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program not only brings in more applicants, but also those better qualified.

3. Third, - - Use a preliminary visual screening procedure to eliminate as quickly as possible those applicants who are clearly unqualified. These screening standards are based strictly on good common sense.

Eliminate those who are obviously under or over age limits for particular jobs. Also eliminate as quickly as possible those who do not have the necessary physical qualifications, who do not present a clean, tidy, wholesome appearance, and others who are obviously poor employment risks.

This preliminary procedure will not only save time, but will also assure better selection because more time will be available to consider the remaining applicants who have met preliminary screening standards.

4. Fourth - Use a detailed Application Form (sample attached following Page 15A) which is to be given only to those applicants who have passed preliminary visual screening. Such a form should reveal pertinent personal history, information about the applicant, as well as considerable detail on his previous work record and educational

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background. The application can eliminate those individuals who do not have a permanent or verifiable home address; who cannot meet educational, experience or age requirements; as well as those who are obviously floaters, moving from one job to another. In addition, it should carry the necessary information for store record keeping, such as; social security number, federal income tax withholding classification, as well as the applicants signature agreeing to conform to federal, state and local regulations pertaining to the sale of intoxicating liquors, dangerous drugs, narcotics, and other restricted merchandise.

- 5. Fifth Use a Telephone Check Form to contact previous employers and schools. (Sample attached following Page 15A). Unfortunately, it is not possible to take every word the applicant says as the literal truth. Furthermore, an outside evaluation from someone who has seen the applicant on the job or in school is desirable. Therefore, Telephone Checks should be made with at least two of the applicant's previous immediate employers and also with his schools.
  - a. This is much better than checking personal references as most everyone has at least three friends who will write
    flattering things about him.
  - b. Telephone checks are better than written inquires to previous employers or schools because:
    - People will tell things over the 'phone that they will not put in writing.

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- b. Telephone checks are better than written inquires to previous employers or schools because:
  - 1. People will tell things over the 'phone that they will, not put in writing.

- Follow-up questions may be asked if something is not quite clear.
- 3. Voice inflections may give clues as to true feelings.
- 4. The information can be available when needed before the interview.
- 6. Sixth Use a "Patterned Interviewer" Form or "Interviewer's

  Work Sheet." (Sample attached following Page 15A). This is to be

  filled in by the employer, to guide the discussion with the applicant

  in a planned and well organized manner. This Interviewer's Work

  Sheet provides for a brief review of the applicant's whole life his

  work history, his schooling, his early family background, his financial

  situation, his domestic and social situation and his health.
  - a. From this rather complete record it is possible to determine the patterns of his behavior.
  - b. Most people are quite set in their ways. At an early age they develop certain habitual ways of behaving, and they carry over many of these habits throughout their lives.
  - c. From the interview record can be determined whether or not an applicant has certain habits.
    - 1. Whether he is occupationally stable or a job hopper.
    - 2. Whether or not he is a hard worker.
    - Whether he has the habit of getting along well with other people.

- 2. Follow-up questions may be asked it constiting in not nuite clear.
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      - 2. Whether or not be is a hard worker.
  - 3. Whether he has the habit of getting along well with other

- Whether he has the habit of finishing the things he starts in spite of obstacles.
- 5. Whether he is self-reliant.
- 6. Whether he is loyal.
- 7. Whether he is a natural leader of others.
- d. Furthermore, it can be determined how emotionally mature

  he is and what his basic motivations are why he does what

  he does.
- e. By using these patterns of a person's past behavior, it can be predicted what he will do in the future with surprising accuracy.

It can be summarized in two simple sentences:

- The key to what a man will do is what he has already done, and
- 2. Basic habits rarely change.
- 7. The seventh and last step in the procedure is the over-all rating.

  This merely consists of pulling together all of the information obtained from the application card, telephone check form, and the interviewer's work sheet, concerning what the applicant can do and what he will do and matching it against the requirements of a particular job. If what the individual has to offer is a reasonably

- Whether he has the habit of finining the things he starts in spite of obstacles.
  - . Whether he is self-reliant.
    - 6. Whether he is loyal
  - 7. Whether he is a natural leader of otherer
- Furthermore, it can be determined how emotionally mature he is and what his basic motivations are why he does what he does
  - Or using these patterns of a person's past behavior, it can be predicted what he will do in the future with sexprising accuracy.

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good fit with what the job requires, the chances are much better than average that he will be a success if employed.

This down-to-earth, sensible approach to employee selection can be very successful in matching men and jobs, and the investment of time will be well spent. A crew of well selected store employees will do a number of definite things. Help increase their store sales - - through better customer service. Help increase their store's profits - - by more careful handling of equipment and merchandise, and by their accuracy and honesty. Lower store payroll costs - - by increasing their productivity through better selling. Reduce store turnover - - by their stability, interest and loyalty. Maintain store's customer confidence - - by their wholesome appearance and courteous attitude.

Due to the fact that most drug stores are not equipped to properly administer and evaluate psychological tests, nothing has been said about the merits of a testing program in this selection procedure.

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Che down-to-march, sensible approach to imployee stlection of a property of the particular in matching med and jone, and the invalidation of time will be well spent. A crew of well selected velicies amployees will so a number of delimite trings. Itsig. Store amployees will so a number of delimite trings. Itsig. Itsig. Interess their atore sales - whirough better customer retwick itsin and rouse tiefs atore's profile - by more careful banding of equipment and mercasindaes, and by their accuracy and homesty force, along their accuracy and homesty force, along better saling. Solute along their productivity force along their productivity. Solute and lovelry, Mathadia store's questioner companies, and lovelry, Mathadia store's questioner companies.

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#### SECOND SESSION

### Mr. Chairman, Ladies and Gentlemen:

In our session yesterday we emphasized the importance of employee selection procedures. The proper development and maintenance of any drug store's human assets has far-reaching effects on that store's sales, costs, and profits. It was further pointed out that good employee selection cannot be handled in a hit-or-miss, piecemeal fashion. Thorough grounding of pharmacy students in all phases of personnel administration is imperative if they are to be expected to develop and understand balanced and integrated personnel policies and procedures.

As previously mentioned, sound personnel selection is the all important first step in a good personnel program - but it is only the beginning. Other activities are necessary to be sure that the employee is properly handled on the job and makes a satisfactory work adjustment.

First of all, when an employee starts on a new job, he is apt
to feel somewhat strange and unsure of himself. Therefore,
adequate steps must be taken to orient and indoctrinate each
new employee. For smaller stores this may involve only sitting
down and chatting with him. In other stores or groups of stores it
frequently involves the use of group meetings with talks, charts, and

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down and chatting wast him. In other stores or groups of stores it
frequently involves the use of group meetings with talks, charte, and

employee handbooks. Regarless of how it is done, it should serve these purposes:

- Provide a welcome to the new employee and make him feel that he is liked and wanted.
- 2. Acquaint the new employee with the store or company,
  its various operations, opportunities for promotions,
  and employee benefits, particularly as to how they apply
  to him, his job, his future and his security.
- Provide the employee with information concerning store policies so that he knows what is to be expected of him.
- 4. Answer any questions he may have about his job, his store, or his company.

In other words, the indoctrination and orientation of new employees is designed to start them off on the right foot so that they will become real team members. There is also less chance of their leaving because of any overwhelming work situation.

To effectuate the orientation of new employees, each proprietor or store manager must decide the following about the work to be done in his store:

- 1. What shall be done?
- 2. Who shall do it?
- 3. How shall it be done?
- 4. What facilities and materials shall be used?

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#### 5. When shall it be done?

The next step is to assist new employees to become acquainted with
the others in the store. This can be done by making sure that the
newcomer is introduced to the people with whom he is going to work,
and by having one of the store's capable employees act as his sponsor,
or big brother. The sponsor makes sure that the new employee becomes
acquainted with the store's facilities, procedures and customs, and that
he is always available to answer questions. Furthermore, the store
manager or proprietor should check back with each new employee within a
few days to see how he is getting along and to clear up any problems or
misunderstandings which may have developed.

Now, all of this may sound rather simple and elementary, but it is surprising how many proprietors and store managers just place a new employee on a job and let him sink or swim by himself. Experience has shown that the greatest turnover occurs the first day an employee is at work.

Another important phase is the provision of sufficient and proper training for new employees. Even if a drug store hires only experienced people, there is a certain amount of training to be done, since no two stores or no two companies do things in exactly the same way.

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There has been a great deal of work done in the field of training, and much is known of the best ways to handle various training problems. As educators you are familiar with sound teaching principles and methods of instruction. Your retail pharmacy graduates will need to apply these same principles if they are to be successful.

The success or failure of a drug store is held in the hands of its employees. This being true, it is worthwhile to spend the necessary time to properly train and develop them.

Training in any drug store is merely teaching employees to do
their work, in the correct way. What they do reflects the way the
druggist wants it done and they will rarely exceed the standards set
up. They will follow good examples if they are taught how and
encouraged to do so, and thus should be enabled to earn more for
themselves by producing more. A group of employees properly
trained and supervised by a capable druggist will do a much better
job than those same employees under weak supervision. Under
intelligent supervision they will be more efficient, courteous,
and satisfied, thus giving the kind of service which will bring customers back again. Employees progress rapidly under good leadership.

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The cost of training is an investment the same as store equipment and merchandise. Equipment itself does not guarantee a profit, but its proper use will bring good returns. Training in itself will not guarantee a profit but training properly used and followed up will return increased sales and profits. Through training can be instilled correct attitudes, skills and habits.

Training is not a substitute for good management but it will make management more effective. It should be remembered that most employees want to do the right thing if they know what is wanted. The greater the efficiency of salespeople the lower any store's selling costs become.

Five things are being sold in every drug store:

- An atmosphere of cleanliness and friendliness.
- 2. Quality merchandise.
- Friendly courtesy.
- Good service.
- 5. Customer confidence.

Each of these five points can be strengthened by good methods of training.

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atmosphere will be the direct result of the training given to employees in that store. Teach employees exactly what is wanted and they'll help maintain that kind of a store.

Another reason why customers patronize certain drug stores is because those stores stock quality merchandise. Employees can be taught to respect the merchandise they sell by proper handling, by correct price marking, by attractive displays, and by seeing that it is kept in the best possible condition so that it will sell readily and give customers the values they are looking for.

Each customer entering a store looks forward to being treated with consideration by a smiling, courteous salesperson and also expects good, fast service. Training can help implant in each employee the desire to give outstanding customer service.

Drug stores must earn the confidence of their customers, inasmuch as they are on a higher plane than other retail stores due to
their professional standing. Customer confidence is the most
precious asset a store can have. This confidence can be maintained
and improved through the careful indoctrination of employees who
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well planned displays; wholesome salespeople; a courteous greeting for each customer; quality, fresh, clean, properly priced merchandise; and prompt, efficient service; a store can be assured of the continued confidence of its customers.

Training offers many opportunities for employees to help improve themselves. It is economical as well as profitable to train them properly rather than just allow them to go ahead and shift for themselves in a haphazard manner. An employer cannot afford to let employees do their work in just any old way, it costs him too much.

It costs in waste of merchandise.

It costs in misuse of equipment.

It costs in lost sales.

It costs in loss of customers and future business.

By intelligently teaching, productivity is increased, employee turnover reduced, errors eliminated, costs lowered and attitude toward customers improved. Any store is rated by the performance of its weakest member who is a direct reflection of the management.

All druggists should follow this slogan, "If I have taught him, he can do it." He must say to himself, "If he has not learned how

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to do it, then I have not taught him how to do it." Remember
the way employees act in a store is due to the way they have
been taught. A druggist's success rests on his ability to train
his employees, however, even the finest job of training will not
last without the necessary follow-through.

Salespeople should know that selling includes their customers, their store and their merchandise, as well as themselves, that in order to sell merchandise, they must sell themselves through their personality and wholesome appearance. Their physical appearance is also important and they must look the part to sell successfully. Salespeople who are careful in their appearance and have a pleasant manner, can readily gain the confidence of their customers.

Correct mental attitude of employees is extremely important, probably the most vital single factor in success. They should be made to realize that their customers pay their salary and that they are to be pleasant and helpful at all times. They should be encouraged to call each customer by name if possible and to say "thank you" and really mean it, upon the completion of each sale.

Store employees should be helped to answer the following questions correctly:

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Store employees should be helped to saswer the following questions correctly:

Am I courteous?

Is my department neat and orderly?

Does my department look fresh, clean, and well merchandised?

Do I know what I should know about my merchandise?

Do I properly handle and show merchandise?

Am I giving friendly service?

Do my customers come back and ask for me?

Salespeople should respect the merchandise they are selling. They should also know how to intelligently suggest merchandise, how to sell companion, and special items. Considerable information about the merchandise for sale in a drug store can be gained by studying the various trade journals, literature put out by manufacturers in the form of booklets and pamphlets, selling points that are printed on and contained in packages. Don't let salespeople feel, however, that product information is all they need to know, because proper customer approach, correct handling of merchandise, as well as methods of selling, are also extremely important.

Training may be done individually or in groups. When a new employee is put on the job, it may be necessary to give him individual training; but information about new procedures or merchandise, special sales, etc., may well be given in small groups.

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Employees are anxious to learn, and want to do their jobs in a better manner. They like group discussions and fifteen or twenty minute meetings on subjects which will help them are welcomed. They like constructive meetings, not ones where they are being scolded or criticized for something they may or not have done wrong. Remember, if they've done something in the wrong way it's probably because they weren't taught the correct way in the first place.

Employee compensation. - - The objectives here should be to assure that compensation is adequate, internally consistent, and in line with going rates in the area for the type of work being done.

There are a number of ways of doing this:

- Determine the relative worth of various jobs and set up a systematic wage plan which fits those jobs, by establishing minimum and maximum rates for each.
- Determine what wages are being paid and what benefits are available to employees of other concerns in the community,
- Make a systematic, regular review of each employee's pay status.

To help pharmacy graduates establish sound compensation plans, they should learn the rudiments of these procedures. Otherwise Appropries are nationed to learn, and went to do their jobs to a series manner. They like group discussions and fibeen or meenly missie meetings on sobjects which will help them are selected which will help them are new committee the meetings, not once where they are being section or criticized for something they may or not been wrong the section or criticized for something they may or the wrong way it has probably because they we done nomething in the wrong way in the first place.

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the old problem of "the wheel that squeaks the loudest gets the grease" will plague them, and they will be inviting high turnover, low productivity and poor morale.

Drug store managers or proprietors should periodically appraise
the performance and standing of their employees. The primary
purpose of this periodic appraisal is to encourage store managers
and proprietors to think about their employees as individuals so
that they may direct them most effectively, take constructive
action to assist their performance and development, and see that
the ones doing a good job are being properly compensated.

An often overlooked phase of a sound personnel program is the practical application of good employer-employee relations. A successful drug store operator practices good human relations. He gains the confidence and cooperation of each one of his store employees. He is one who continuously directs, trains, encourages and helps them in order that they, the store, and he, himself may benefit. He gets his employees to do what he wants done, in the manner he want it done, when he wants it done, all in a way they will want to do it.

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He is a real leader when he counsels with his store crew, coaches them, creates enthusiasm, says "We", corrects mistakes, shows how things should be done, makes work pleasant and builds good will. In return he receives loyalty, enthusiasm, courtesy, cooperation, respect for himself and his ideas, confidence in his leadership, and an honest day's work from his employees.

Retail druggists should establish definite policies regarding employee benefits and facilities. Such policies should cover vacations, sick leaves, leaves of absence, insurance of various types, hours of work, dressing rooms, lockers and toilet facilities. Even the store with few employees should have definite policies in this area, and all pharmacists should be aware of the state and federal laws which may affect these policies.

Provision should also be made for a systematic method of determining personnel status changes. Determine the proper bases for promotion, demotion, transfer, lay-off and discharge of employees. Consideration should be given to the initial employment interview findings, sales results, length of service and similar factors.

The final part of a good drug store personnel program is the maintenance of adequate personnel records. Druggists are required by law to keep certain records of their employees and there are

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\* \* \* \* \* \* \*

In summary: The major topics which would be desirable for study by future retail pharmacists are:

- I. What personnel administration is and why it is important for retail drug stores to have sound personnel policies and procedures.
- II. The need for a reasoned, balanced and integrated personnel program so that every phase of the building and maintenance of a stable, productive and satisfied work force will receive adequate attention.
- III. As to the personnel program itself, the following areas should be covered, both from a policy and a procedural standpoint:
  - A. Sound employee selection
  - B. Adequate indoctrination and orientation of new employees
  - C. Sufficient and proper training of employees
  - D. Adequate and sound employee compensation
  - E. Periodic appraisal of the performance and standing of each employee
  - F. Good employer-employee relations
  - G. Provision of necessary employee benefits and facilities
  - H. Sound personnel status change procedures
  - I. Adequate personnel records

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A course covering these subjects should be helpful in preparing pharmacy students to become "personnel conscious" and give them a basic grounding in sound personnel procedures.

Personnel administration is a broad and rapidly growing field.

More and more retail drug stores have come to realize how much
their success depends on their employees. They have discovered
that in a very real sense people are their business.

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# MERCHANDISING PROCEDURES & PROBLEMS

J. O. Peckham
A. C. Nielsen Company

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J. D. Feedham

### MERCHANDISING

by

J. O. Peckham A. C. Nielsen Company

Before I get into my subject for this afternoon, "Merchandising," I'd first like to say that A. C. Nielsen Company is very glad indeed to have this opportunity of presenting this information to you. I do want to confess right at the outset that we don't consider ourselves experts in this particular field. In connection with our work, however, we have observed experts in the field of drug retailing and hence my job this afternoon, as I see it, is merely to pass along some of the things we've seen in connection with our day-to-day work of auditing the movement of drug store merchandise.

As some of you may know, we've had the privilege of making bimonthly audits on the consumer sales, retailer purchases and retail inventories of nationally advertised merchandise and its competition in a cross section of some 750 U. S. drug stores since 1933—some 16 years. Much of this information has been used to help manufacturers reduce marketing costs, much has been passed along to retailers, and on several occasions we have had the pleasure of presenting some of the things we have learned to meetings such as this.

I'd like to introduce this subject by calling your attention to the trend of retail drug store sales since 1939 and the extent to which this trend has been matched or bettered by other types of retail outlets that compete with the retail drug store for the consumer's dollar, because I believe this analysis will indicate the need for better and more effective merchandising of products sold through the retail drug store.

Once we have established the <u>need</u> for better merchandising in the retail drug store, we will next make a survey of the drug store plant--its store fixtures, prescription department, extent of departmentalization, etc., in order to determine the degree to which drug stores today are in a position to compete for the trade of Mr. and Mrs. Consumer. This analysis will in itself lead to some suggestions along the lines of better merchandising and will set the stage for additional thoughts along this line which will conclude our observations on this subject.

Let's first look at the drug store sales trends from 1939 through 1949. (Please turn to Chart I - "Drug Store Sales Trends 1939-1949")

This is a picture of retail drug store cash register sales. During the most recent year, sales totaled \$3,653,000,000--about the same volume

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A. C. Rankon Coupling

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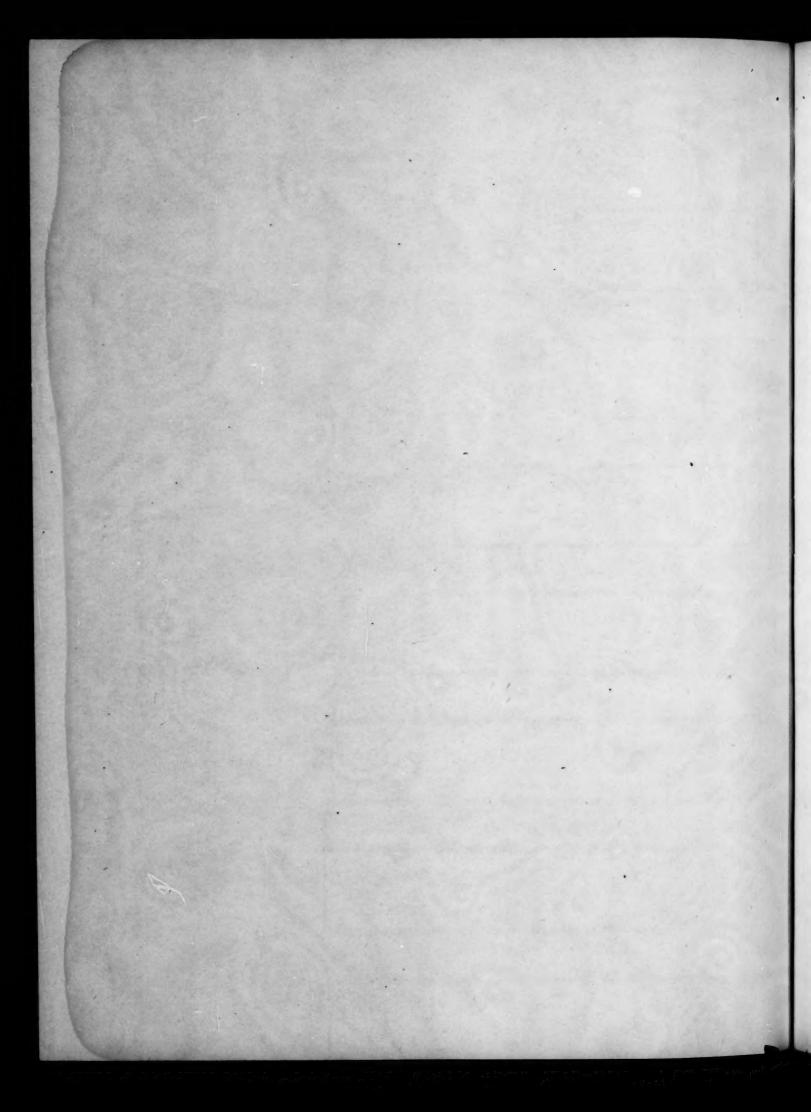
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# DRUG STORE SALES THATES 1979-1949

(Annual Basis (000-000)

Chain Indep. % Change \$1562 74.45 1939 \$1848 74.0 1941 \$ \$2584 74.8 1943 \$5005 76.6 1 \$3590 77.0 1947 \$7680 **\*56**55 16.7



as 1948 and 1947. There is some chance that these figures may be revised somewhat as data from the recently completed Census of Business become available, but the figures you see here are the ones developed by A. C. Nielsen Company and correspond very closely with other published information on this subject.

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If we go back to 1939 we see that drug store sales amounted to only \$1,562,000,000--represented by the height of this first bar--which leads us into a comparison with the 1949 sales volume of \$3.6 billion. Drug store sales in 1949 were, therefore, almost two and one-half times greater than prewar 1939--truly an outstanding sales record and one which speaks well for the retail drug industry.

In view of this excellent progress, one might naturally raise the question regarding the <u>need</u> for better merchandising on the part of the retail drug store. This is a very good question and, in order to consider it properly, let's compare these figures for the retail drug store with those for other types of retail outlets because, as we've indicated earlier, the drug store actually competes with all of these retailers for its share of the money the consumer has to spend. (Please turn to Chart II - "Division of Retail Sales")

As compared with the retail drug stores' volume of \$3,653,000,000 during 1949, all retail stores combined accounted for \$128,183,000,000. The drug stores thus amounted to 2.8% of total retail sales, as shown by the size of the cross-hatched portion of our chart. In other words, the drug stores received a little less than 3¢ out of every dollar spent in retail establishments throughout the country. You'll note that the biggest slice was taken by the food stores, which accounted for 23.6¢; closely followed by automobile dealers, who accounted for 17.7¢; general merchandise stores including department stores, which accounted for 9.1¢; eating and drinking establishments, which rang up 8.8¢, and so on.

Let's next go back to the year 1939, represented by the first bar on this chart. You will recall that the retail drug store sold \$1,562,000,000 during 1939 and this chart tells us that this amount represented 3.7% of total retail sales during that year. In other words, the drug stores' share of the consumer dollar has declined from almost 4¢ to less than 3¢ in the 10-year period between 1939 and 1949. To be sure, there was a temporary increase in the amount of sales going through the retail drug store during the war years, as represented by the center bar depicting 1943, where we see the retail drug store accounting for 4.3% of total retail sales, but this was largely due to the fact that durable goods such as automobiles, building materials, etc., were not available.

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### Millions of Dollars

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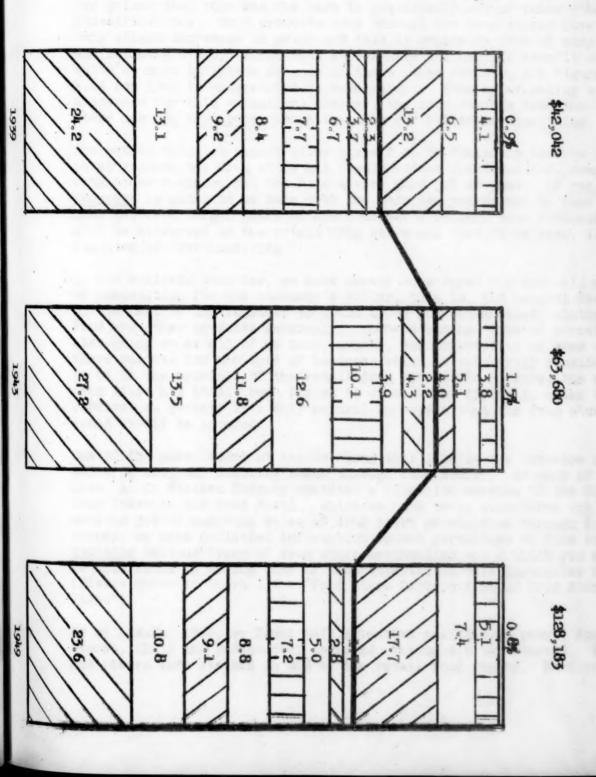
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We now see quite clearly that the retail drug store has not kept pace with general business development. Although its sales volume increased two and one-half times between 1939 and 1949, it ended up by getting less of the consumer's dollar simply because sales through other outlets had expanded more rapidly than drug store business. In all fairness, it should be mentioned that the situation is not quite as bad as depicted here. It so happens that the retail drug store and the manufacturers supplying the retail drug trade did a far better job in keeping prices down than was the case in practically any of these other classifications. Many products sold through the drug stores have had only slight increases in price and this is generally true of many drug and toiletry items. Since drug stores have not had the benefit of quite as much inflation as some of these other outlets, the figure of 2.8% for 1949 is understated to some extent. Even after making some allowance for this situation, however, the fact remains that the drug store has not kept pace; hence the need for better merchandising.

The retail druggist cannot allow himself to be fooled by today's high sales volume; the drug store has simply ridden the trend and, compared with other outlets, has not done a very good job at that. If real progress is going to be made over the next ten years, and by that I mean getter a larger share of the consumer's dollar, more business must be attracted to the retail drug store and that, I believe, is the function of "Merchandising."

In our analysis thus far, we have merely considered the over-all effect of competition for the consumer's dollar, that is, the natural desire on the part of the consumer to spend money for automobiles, clothes, food and other products generally. There is another type of competition also going on as all of us know, namely, the competition of some of these outlets for the type of business which is ordinarily considered to be in the province of the retail drug store. To be sure, the retail drug store has itself been forced to enter other fields in order to survive, so perhaps it's only natural to expect that the drug store would itself be invaded.

One of the more important trends along this line is the increase in sales of drug and toiletry items through food stores. As many of you know, A. C. Nielsen Company operates a companion service to the Nielsen Drug Index in the food field. While we have never undertaken the tremendous job of auditing sales of drug store merchandise through food stores, we have collected information on the percentage of food stores stocking various types of drug store merchandise and I think you might be interested in seeing some of that material at this particular time. (Please refer to Chart III - "Food Store Distribution of Drug Store Items")

As of August, 1949, we found this situation existing in retail food stores, chain and independent combined, throughout the country. Blades and razors were stocked in 82% of the retail food stores. When you

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Shaving Creams

Shampoos

Cold Remedies

Dentifrice

Laxatives

Headache Remedies

Blades and Razors

Tooth Brushes

After-Shave Lotion

Oral Antiseptics

Deodorants

Baby 011s

Hair Tonics

Face Creams

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stop to recall, according to the latest information from the Census of Business, that there are approximately 400,000 such stores as compared with 55,000 drug stores, you can see that this type of outlet is an important factor even when distribution gets down as low as 29%, as it does in the case of face creams.

Headache preparations were found in 78% of the retail food stores; laxatives (some type of laxatives because these are not complete stocks) in 70%; dentifrices in 70%; cold remedies 62%; shampoos 66%; hair tonics 40%, and so on down the line.

The figures on the left show the situation that existed in 1946. For example, blades and razors were stocked in 79% of the food stores as compared with 82% during the last year, and in every instance you see a rather substantial growth, particularly in the case of such products as shampoos, dentifrices, shaving creams, hair tonics, baby oils and deodorants.

The danger here is that margins on drug items of 30% or more on the selling price are much larger than on most grocery products. Hence, supermarket operators are almost bound to get into this field more and more as time goes on, using the tremendous traffic generated by their food store business as a lever to pry loose a substantial chunk of drug business.

As we view it from the standpoint of the retail druggist, it is a dangerous threat. Laws requiring a registered pharmacist for the dispensing of many drug products won't stem the tide. Supermarkets and other aggressive food store operators can either avoid this class of merchandise entirely or hire a registered pharmacist and really go to town. Many of the important items are in the class of personal care items anyway and hence could be sold through almost any type of outlet. Certainly the independent retail druggist has to be strong and in robust health if he is to overcome this competitive effort and, what is perhaps even more important, actually create additional business.

Now, all these very desirable objectives cannot be attained through better merchandising methods unless the drug store plant itself is in first-class shape. This naturally raised the question as to just how healthy the retail drug store was anyway, so we got out our stethoscope, our fever thermometer and our blood pressure apparatus in an attempt to determine the physical well-being and fitness of the retail drug store, using as a base the same cross-section of 800 retail outlets which had so accurately shown the consumer movement of merchandise since we first started the service in 1933. This report was originally prepared in 1947 and repeated in 1949, so that we could present really up-to-date figures and, at the same time, measure the amount of improvement that had taken place during this two-year interval. (Please turn to Chart IV - "A Survey of the Drug Store Plant - I")

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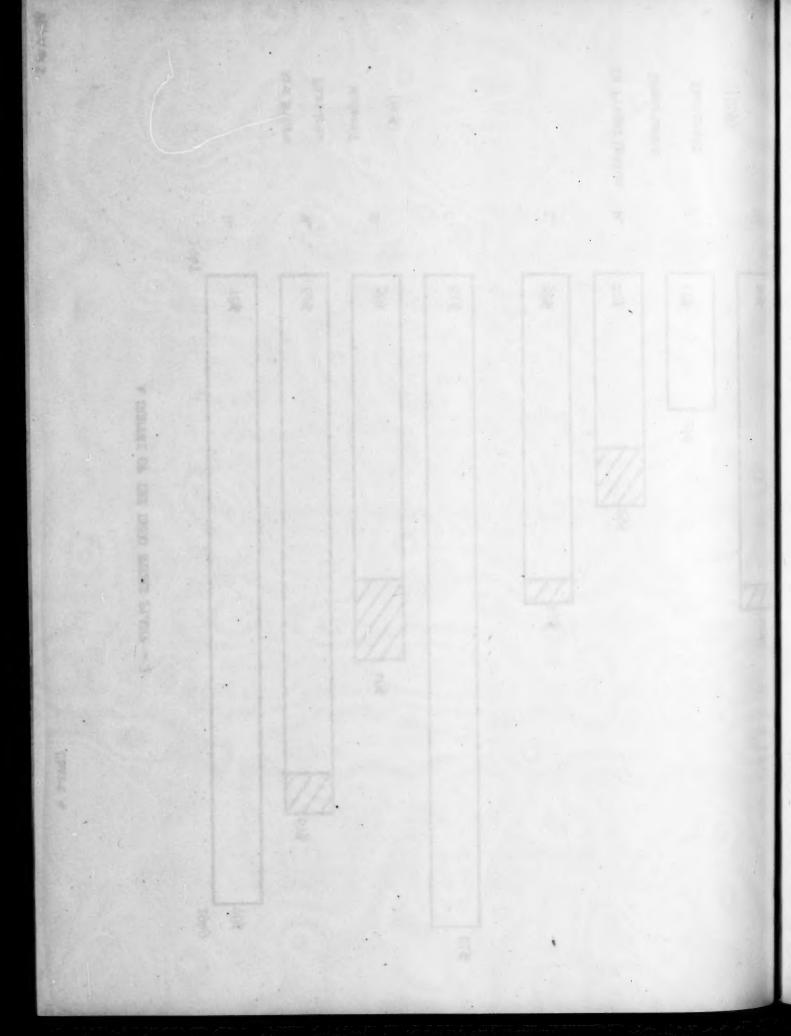
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## A SURVEY OF THE DRUG STORE PLANT - I

(25%)	Featured?	Department	Is Prescription			(60%)	Modern?	Fixtures	Are Store		
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					818					78%	1949

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Let's look at this first point "Are store fixtures modern?" Now I realize there is considerable room for difference in interpretation here and I hasten to explain that this analysis does not mean that the latest streamlined equipment must be employed. All we are trying to find out is simply whether the retail druggist is really modernizing his place of business, or whether he is trying to handle his trade on a "Gay Nineties" basis. I think the record here is reasonably good, all things considered. Taking into account all sizes of drug stores, chains and independents combined, we found that 60% of the stores could be considered as having really modern, up-to-date store fixtures.

This first section labeled "L" refers to large independent stores -- stores in the \$125,000 and up range. Note that 78%--almost 8 out of every 10--had modern fixtures.

The second section labeled "M" shows the situation among stores in the medium range, say from \$50,000 to \$125,000 annual volume, and here we note that 67% had modern equipment. This cross-hatched section shows the extent to which this situation has improved since 1947; in 1947 only 62% of the medium size stores had modern fixtures, so we have a gain of 5 percentage points here.

The third section marked "S" represents the smaller stores doing less than \$50,000 annual volume, and here we see that 48%, or almost 5 out of every 10, had up to date equipment. The improvement since 1947 has been most marked in this group since only 38% of the small stores were considered as having modern equipment two years ago.

The fourth section labeled "C" shows the situation among chain stores. Here 81% of the stores had modern equipment -- a figure which makes that of 78% for the large independent stores look very good indeed.

As far as store fixtures are concerned, therefore, we think the drug store plant is in pretty good shape.

According to our observation, there seems to be some trend toward the use of an "open" presciption room, where the customer has an opportunity to actually watch the pharmacist compound prescriptions, or where the customer can look into the prescription room through either an open or glass front. Our examination showed that 25% of the stores had a prescription department of this type--with the best showing among the large independent stores and chain outlets, with 41% and 42%, respectively. The largest growth, however, was among the medium sized stores, which had increased from 22% in 1947 to 29% currently. Small outlets--in the less than \$50,000 annual volume range--lagged decidedly with only 17% having this feature.

With approximately 15% of total drug store sales in the prescription department alone, and with the opportunity prescriptions provide for

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added business on other items, it would appear that many stores have a real opportunity to build more business through better and more attractive prescription departments. Of course, this will not help the retail drug business as a whole since there are only so many prescriptions to be filled. The point I have just made reminds me of the explanation given by a somewhat harrassed grammar school principal to an irate mother who wanted to know why her Johnnie was not in the upper half of the class. "After all," said the principal, "only half of the children can be in the upper half of the class!" All I can say here is simply that the smart and able merchandisers are going to see that their stores are in the top half as far as prescription business is concerned.

We next come to a situation which is pretty much on the unfavorable sile. I refer to the rather limited extent to which independent retail drug stores advertise either by means of newspapers, handbills, postcards sent to customers, etc. (Please turn to Chart V - "A Survey of the Drug Store Plant - II")

Note that only 34% of the large independent outlets, 25% of the medium and 8% of the small drug stores had adopted some form of advertising to actually bring customers into the store rather than wait for them to come of their own accord. This compares with 89%, or almost 9 out of every 10, in the case of chain stores. I realize that most independent druggists cannot afford full pages in the local newspaper once or twice a week, but this is not necessarily implied when we speak of advertising. All types of independent outlets seem to be weefully weak on this point, with the medium and small stores, for the most part, doing nething to create customers. Furthermore, there has actually been a slight decline in the number of stores advertising since our first check in 1947. In connection with advertising, a little later on we will attempt one or two suggestions within the means of the independent druggists which some of you might find helpful.

We have also noted a rather decided trend toward the use of visible shelf prices, so that the customer can readily see exactly how much he is paying for a given article before the carton or package is removed from the shelf. Twenty-five per cent of the stores have adopted this practice—with the chains way out ahead in 72% of their stores having visible shelf prices. Only 35% of the large stores, 26% of the medium stores and 15% of the small stores clearly indicate their prices in this particular manner. Here is another case where there seems to be decided room for improvement, particularly since supermarkets and progressive food stores, syndicate stores, department stores, etc., are really creating a trend in this respect.

How about departmentalization? (Please turn to Chart VI - "A Survey of the Drug Store Plant - III")

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# A SURVEY OF THE DEGG STORE PLANT - II

Stores Using

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Prices

Visible?

(25%)

# A SURVEY OF THE DRUG STORE PLANT - III

Attractive? s. 66%	м. 81%	L. 90%	c. 89%	S. 284	Is Store M. 43%	L. 56%	1947
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Are Store

C. 91%

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Has the average druggist made any attempt to group his cosmetics, his baby needs, etc.? The survey shows that 53% of all drug stores, or practically 1 out of every 2, have departmentalized to a rather great extent. This figure varies rather markedly by size of store ranging from 89% in the case of the chain stores to 41% in the case of the small independent. Note, however, the rather marked growth among all of the independent store groups with respect to departmentalization. The large and medium stores particularly seem to have taken a leaf from the chain stores' book in this respect.

We've heard a good deal during the past two years or so about the necessity of making store stocks more attractive. Here again there is plenty of room for differences of opinion, but according to our store auditors, who travel hundreds of thousands of miles each year visiting hundreds of stores, the drug store scores pretty high in this respect, as we see from the last section of this chart.

According to our check, 83% of the stores qualified in this respectranging all the way from 95% and 96% in the case of large independent
and chain stores, respectively, to 76% in the case of the small independents. We should note, however, that 1 out of every 4 small independent
stores does not measure up. Perhaps we might call this disease—with
due respect to the Lambert Company—"Drug Store Halitosis".

We now come to that particular part of this talk where I talk rather fast and duck the brickbats, because here I would like to discuss some of the things retail druggists can do to insure greater profits. Remember, that our analysis of the evidence seemed to indicate that this could best be done by resisting the encroachments of competition from other outlets and by actually creating new business. We not only have the results of this particular survey to guide us, but we have been in hundreds and hundreds of drug stores since we started the Nielsen Drug Index back in 1933. Of course, we have to be very, very careful, since these stores constitute what we call a pattern or cross-section, not to do anything in those stores which would set them apart from the average. However, we can do things in general which might benefit all stores and that is what I would like to attempt here.

Here, then, are some ideas which might be worked out.

1. Continue efforts to modernize your place of business. As we view it, this doesn't necessarily mean spending a lot of money on new fixtures, although in many cases new fixtures will help. In most cases, it means setting up a system whereby your employes can be re-indoctrinated in the advantages of good housekeeping. This means seeing to it that someone keeps the store, the windows, and the fountain clean-spotlessly clean. Only about 1 out of every 2 independent retail stores rates "good" or "better" from the standpoint of overall cleanliness and about the same ratio applies to the fountain.

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- 2. Check up on your lighting to make sure it is in line with today's standards. Perhaps you may be one of the 40%--4 out of every 10--whose lighting is well below par. Remember, what the customer can't see, he can't buy. Putting it another way, seeing is the biggest thing in selling and we all know that lighting is the biggest thing in seeing. In practically all cases you'll find your local electric light company well equipped to serve you.
- 3. See to it that one of your employes is charged with the responsibility for keeping the tops of counters in apple-pie condition. Certainly the retailer should display merchandise and display it well, but you can't display everything at one time without having the store look like a Monday morning wash line. All of us have seen many stores in which a jumble of merchandise will be found on the tops of counters which has not been placed there with the idea of displaying the merchandise, but rather the counter happened to be a convenient place to drop the item. We also see many stores where the tops of counters are nothing but a catch-all for any small type of display piece which a salesman might bring into the store. "It can't happen here" you say? Well, our survey showed that 57.4%, or almost 6 out of every 10 drug stores, failed to measure up in this respect.
- 4. One way out of this situation and at the same time a means of building or creating business is to feature and display <u>fast-moving</u> nationally advertised merchandise. After all, manufacturers annually spend millions of dollars trying to motivate consumers to buy and there is no reason why the retail drug outlet should not capitalize on this substantial support.

We became a little curious about this a while back and, through figures assembled originally by the magazine and newspaper people, we actually added up all the money spent in the advertising of drug and toiletry items. This does not include tobacco, nor does it include sundries. It is regular drug store merchandise, like tooth brushes and tooth paste and shaving lotion, and similar products that move through the drug store. I thought you might be interested in these figures. (Please turn to Chart VII - "The Manufacturers' Ante")

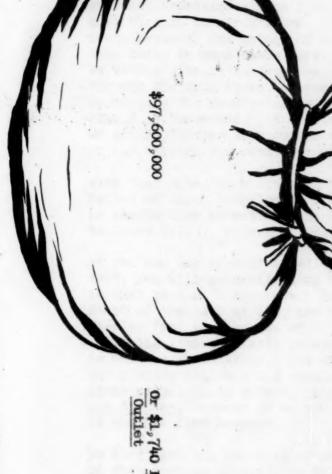
The manufacturers' ante is \$97,600,000. That deserves just a bit of explanation. It is the estimated advertising expenditures by manufacturers of drug and toiletry items in three media only: chain radio, magazines and newspapers. In the case of newspapers, it does not get down to the newspapers published in towns of less than 100,000, not because they are not important but simply because Media Records, Inc., does not audit those papers at the present time. Nor does it include the vast amount of money spent in spot radio, billboards, car cards, displays of one sort or another. How

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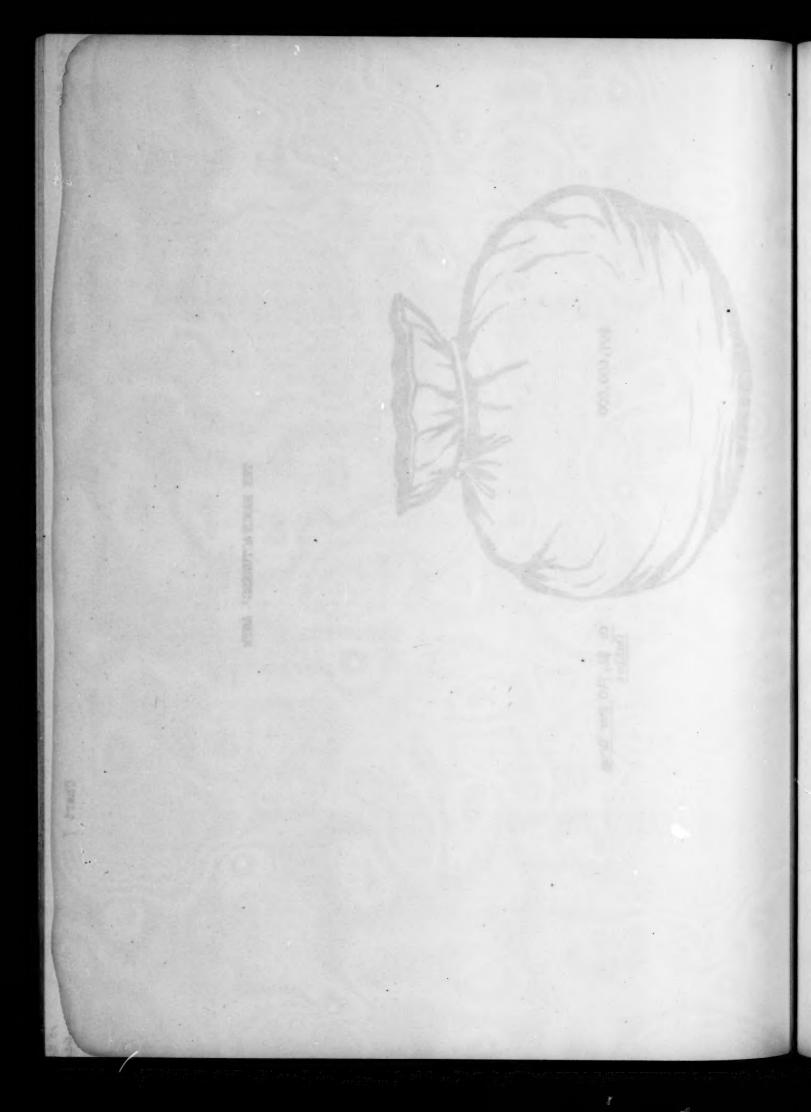
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THE MANUFACTURERS' ANTE



much that is is anybody's guess. There is no measure of it. But I will hold, just for argument's sake, that it would approximately double this figure of \$97,600,000 that you see here, thus making the total about \$196,000,000.

Don't try to apply this next statement to any one item but, on the average, approximately half of what we consider drug store business goes through the drug store. I am speaking of shaving cream and tooth brushes, and things of that sort. In some cases it is less than that; in some cases more. So, having blown it up to \$196,000,000, we will divide it in two because one-half of these products move through the drug store. Therefore, this figure of \$97,600,000 represents the manufacturers ante, in so far as the drug store itself is concerned. If we divide it by the number of drug stores, we get \$1,740 per drug outlet expended in motivating the consumer to buy through the retail druggist.

With that ante, it would seem that you should tie in with the better of these campaigns. If you don't tie in through display of merchandise advertised, here is what happens: (Please refer to Chart VIII - "Effect of Displays")

If you run any kind of a well designed, well balanced display test, you will generally find that sales in the stores cooperating in that test will increase. Here is an instance where we set the start of the test at 100, and we have shown at the end of the display test an increase of 41 per cent in sales. As I say, something like that will generally happen but this, of course, is not the whole story. The whole story is that those stores who display actively and regularly on nationally advertised items actually, in effect, take business from the stores who do not display, because if we audit the entire town, as we do, here is what we find happens.

We find that the non-display stores suffer a decline in the sales of that item on display—in this case, 24 per cent. And because the non-display stores, in this case, do a greater volume than the display stores, the net is as shown in this line, an increase of 8.5 per cent over the period of time. So, if you display, you win. If you don't display, you don't merely keep even, you actually lose.

5. Check up on the extent to which you have departmentalized or at least grouped your products. As many of you know, actual experience has many times demonstrated the truth of the saying that "grouping companion items together makes two sales grow where only one grew before."

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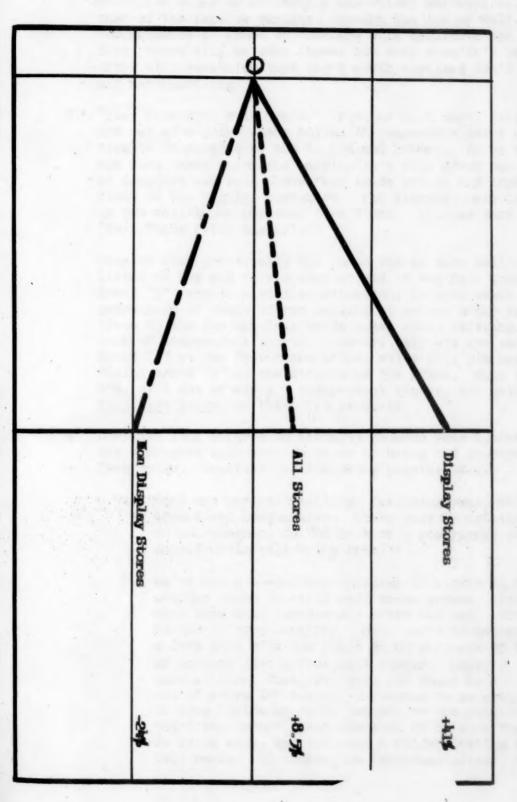
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- 6. Stimulate sales of nationally advertised merchandise, particularly that of the impulse variety, through the use of self-service compartments in front of counters a la syndicate and chain stores. Sure, there will be some losses but they shouldn't be too great. After all, something that isn't worth stealing isn't worth selling and merchandising.
- 7. "Play Fair with Fair Trade." For the most part, fair trade prices are set at a point where buying in reasonably large quantities results in margins of 30% to 33% and better. To be sure, there are some cases where the margin isn't this great but in general no druggist can sell above fair trade prices and hope to keep the trade of his regular customers. For example, here is the situation on two well-known personal care items. (Please turn to Chart IX "Fair Trade Price Analysis")

Observe that practically all chain stores were selling Brand "A," listed at 50¢ and fair-traded at 39¢ at the fair trade price. Brand "B" reveals a similar situation; in both cases the small percentage of chain stores selling at prices under fair trade trace to the few non-fair trade areas still existing. In the case of independent stores, however, only 47% are selling Brand "A" at the fair trade price, while only 56% are merchandising Brand "B" at the stipulated 39¢ price. Note that almost 25%, or 1 out of every 4 independent stores, are getting the full list price for these two products.

- 8. Continue your efforts to actually promote your business -- to bring new customers into your store or to bring old customers back more frequently. Consider the following possibilities:
  - A. Send out periodic mailings featuring seasonable, nationally advertised merchandise. These need be nothing elaborate; an announcement on the back of a government penny postcard should ordinarily bring results.
  - B. We've had a tremendous increase in births in this country and the trend is still well above prewar, although somewhat less than immediately after the war. Watch out for births in your locality. Send cards to mothers offering a free gift with the first \$2.00 purchase of baby needs, or perhaps just a free gift itself. Henry S. Mayer of Marshalltown, Iowa, did this and found he got a response 60 out of every 100 times. According to an article published in Drug Topics he sends letters to the hospital on the third day, after first checking to be sure that the baby is doing well, and includes a folder listing 49 types of baby needs. Of course, he departmentalizes, having a

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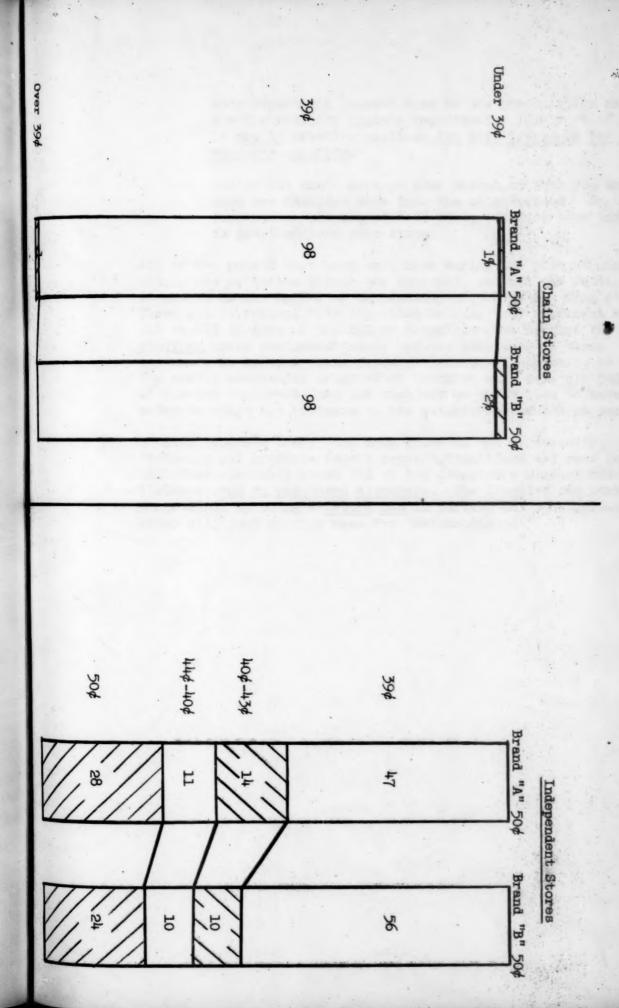
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FAIR TRADE PRICE ANALYSIS

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baby department located next to the prescription case and the feminine hygiene department. This sort of thing is really creative selling--the best insurance for to-morrow's profits.

C. See if you can't arrange some system so that you know when new families move into the neighborhood. Send these families a "get acquainted" card, offering some inducement to get them into your store.

All of the points that have been made during the past 45 minutes simply add up to one thing-the consumer, and not the retail druggist, is the master of the destiny of the retail drug store. These points reflect this situation because they represent the end result of some of the things druggists have learned in studying their customers' needs and the reactions of those customers in getting those needs satisfied. It seems to me that the really successful druggist of tomorrow will make his own study of his own customers-and the customer he would like to have-in order to adapt his business to the neighborhood which he serves.

On many products today, the drug store is not a necessity. Virtually all products except prescription items and some patent medicines--probably about 75% of the druggist's present volume of business--can be purchased elsewhere. The druggist can combat this competition by doing a better job in serving the consumer--which is, after all, just another name for "Merchandising!"

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# THE PRESCRIPTION DEPARTMENT

Dr. Ralph W. Clark University of Oklahoma THE PRESCRIPTION DEPARTMENT

Dr. Helph M. Clark University of Okishema

# THE PRESCRIPTION DEPARTMENT

Ralph W. Clark, Dean School of Pharmacy University of Oklahoma

The prescription department contributes to some extent to the profit of so-called average drugstores, but in many cases its importance is less tangible. It is the one department found exclusively in drugstores. The merchandise in it which must be sold "by or on the prescription of a physician, dentist or veterinarian" represents most of the merchandise for the sale of which the druggist has an option. In extreme cases the prescription department is little more than an excuse for operating a drugstore with the advantages afforded simply because the prescription department, poor as it may be, makes it possible to call the store a drugstore. On the other hand there has been a relatively slow but steady growth of prescription shops. In these professional establishments, fifty per cent or more of the sales are prescriptions. No matter which point of view is taken by the pharmacist in developing the prescription department, it is important to him, whether it is neglected or emphasized.

People prefer one prescription department over another because of their over-all confidence in the pharmacist and his staff, because of its convenient location, and the prescription pricing policy of the department. Confidence in the person or persons who compound the prescriptions is by far the most important reason for favoring prescriptions dispensed in some prescription departments rather than others. Many factors are involved in a well-operated and well-promoted prescription department. They contribute in various ways to the confidence people have in the establishment of their choice. It is the purpose of this paper to discuss some of the ways which may be used to increase the value of the pharmacist's professional service in the prescription department.

It may be apparent at this point that I believe that successful prescription departments are the result of a pharmacist's genuine desire to make this most important part of pharmacy a vital service, followed by combining and persistently applying a number of plans in a long time program. It has been my observation that personality -- partly a gift and partly an achievement, which is often reflected in the policy of the pharmacy and attitudes of other employees -- plays a very important role in any successful prescription department. Perhaps teachers may find ways to influence students who soon will become pharmacists to develop and make better use of their personalities -- "the most profound, most mysterious, and most potential factor in the universe." Perhaps teachers may also eventually find a way to develop better reading habits in students, so that when young men or women become pharmacists they will not stop their education but become continually better members of their chosen profession. The keys to the means to plan, operate and promote better prescription departments lie in the development of personality and ability of pharmacists.

Sales promotion may be defined as the total of all the activities that contribute to the sale of a product or service.

Pharmacists used very little, if any, sales promotion back when the pharmacy was a small, quiet place, identified by show globes in the windows, where drugs were sold to people who were ill. Today, because of public demand, the majority of pharmacists sell a variety of merchandise, in addition to giving a professional service, in greatly improved establishments with modern fronts and interiors. Although great strides have been made in sales promotion of good products by dramatizing their best features and presenting them in an attractive manner, pharmacists themselves have not made a great contribution compared to the enormous outside sales promotion efforts being devoted to the products they sell. Pharmacists have done even less in presenting their public health service. Most

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pharmacists are not aggressive in promoting their prescription service, their public health departments, or any other portion of their activities even after they have decided that one or the other of these departments should be treated differently then simply as another department. The two points to be emphasized

differently than simply as another department. The two points to be emphasized are that it is up to each pharmacist to decide which department or departments he considers should be actively promoted, and then he should coordinate advertising, display, and a regular, planned promotion policy, rather than a casual

and uncertain practice.

Pharmacies operated primarily or exclusively as prescription and health merchandise centers, are limited in number and their promotional problems vary considerably from many average pharmacies. On the other hand, many proprietors or managers of so-called average pharmacies are aware of the importance of the prescription department, as well as the sale of merchandise related to it, and therefore actively promote it for the many benefits derived from this excellent source of service, sales, and profit. It seems logical that pharmacy's role in the protection of public health should be vigorously promoted, but even recent graduates from colleges of pharmacy sometimes seem to lack ability in this field.

It has been said that, "Once, the pharmacist manufactured. Now, he largely distributes. He works less with his hands than he did formerly, but he must know more." This concise statement concerning the pharmacist's change from the position of establishing standards, to the dispenser of drugs which are standardized, covers the trend very well. It is true that he must know more to intelligently distribute and promote the sales of the many new products used by the medical profession today. The pharmacist should also know more about better sales promotional practices which will not interfere with the soundness of his professional work, but rather give the public an opportunity to evaluate and a preciate it. The public is very much interested in health problems and there will never be a better time for pharmacists to increase their sales promotion of the products and services they are in a position to supply.

Some steps to be taken in sales promotion are:

 Improvement of appearance of the pharmacy, with special emphasis on the prescription department.

2. Improvement of stock.

3. Improvement of equipment and library.

4. More complete information on products sold.

5. Promotion to physicians and dentists by news sheets, letters and calls, based on quality of potent, standardized products, and the service the pharmacist can offer the physician and his patients.

6. Professional service of the kind to make the pharmacy

a vital force in the community.

7. Newspaper, radio and other largely institutional advertising.

8. Packages and package inserts.

9. Window displays.

10. Store displays.

11. Conservation and better use of literature and displays supplied by manufacturers, and cooperation with their representatives.

12. Fair prescription prices.

Many prescription departments have been or will be brought out of hiding from obscure and crowded quarters, but still will remain at the rear of the store. Others will meet the customer's eye when he enters, because they will have been given a more prominent place toward the front of the store. I have never known a pharmacist who regretted moving the very important prescription department from the back of his drugstore to a more prominent and serviceable position on one side of the room.

Tiens, sobvice activitacean wieds pationard at evineous ten our ateleanung public health departments, or any other portion of their activities own after they have the clast one or the other of these departments should be treated derivative and of sining ows ear these department, the two points to be emphasized statustages to themstages abide which to decide which the or as at it that we wisking atomic on south processed, and should evaluate advance and seem he should coordinate advance tioner, display, and a regular, rleased promotion policy, rather than a manual . opidagra mindroom San dised but notigitossig se vievinniare in vitrantia heiningo echiparina They ameldang leveltowers when the member and their promotions and problems war, endeliquiq vien basi had to the od to seigentade entre proprieta and to some of the tax and to some of the series bne it of betaler subbandores to also and as liew as incommon noticities and institute and to the state and to the state and the Is and beed said that, "Once, the pharmacist mentioners, how, he largely listed by the head that he make the control of the sound that he make the compact of the from the country states and the control of the dispense of drups which are standards, to the dispense of drups which are standards. It is true that he must know more to dispense, covers the trend very well. It is true that he must know more to legall control distribute and promote the sales of the many new products used fireds stom werd only blueds defrantish add . Tabet delinestory institut and seeming add . The state academics off the state and in the state academics of the state academics of the state academic seems as I am the state academic s

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Old fixtures, which completely close the view to the prescription department, can be replaced by new or remodeled fixtures which will change the usually unimpressive back room into a more attractive, noticeable department. The pharmacist is more apt to keep a partially open prescription department clean and attractive and not devote it to other than professional uses. The fact that the pharmacist is enabled to view his store completely while compounding prescriptions also is important; and when customers see that the pharmacist is busy in the prescription department they may be more patient in awaiting their turn for service.

Most pharmacists prefer to feature the products of reputable manufacturers in their prescription departments. It is unsound practice to feature one "line" to the exclusion of others, if one expects cooperation from other manufacturers medical service representatives. Chemicals and pharmaceuticals which are acceptable to the medical profession and the public may be shown at a safe distance on shelves constructed behind the semi-open prescription desk. While the semi-open prescription department serves to attract attention to the "mysteries" of Pharmacy, it also provides a means properly to display pharmaceuticals and chemicals, encourages the pharmacist to keep this important department clean and professional looking, provides a suitable place to compound prescriptions, and generally enhances the appearance of the drugstore. Plans and suggestions for building or remodelling prescription departments are available from several manufacturers.

It has been found that a prescription department which is physically adequate and modern, whether semi-open or closed, generally contributes to better prescription service and volume. Recognizing and discarding sub-standard old products, and stocking fresh dependable products which are required by members of the medical profession to serve their patients is another important factor in improving prescription volume. Many prescription departments have poor equipment and inadequate reference books and files. Qualitative and quantitative accuracy are essential to the dispensing of prescriptions and they surpass many other elements in building confidence in a prescription department. The use of graduated bottles rather than more accurate graduates is an undesirable practice outlawed in several states. No pharmacist needs to advertise that he has fresh drugs, or that he compounds prescriptions exactly as written, to the embarrassment of his colleagues, who are not really his competitors, because of the inference that only his prescription department offers these things. The medical profession and the public will observe very promptly and be influenced by the quality of drugs, equipment and information available in a prescription department.

If I were asked for my impression of the greatest handicap in the development of prescription business, I would say that it is lack of knowledge of both official and non-official products. The recent graduate is better posted on the official products, but soon finds himself wanting there too. He frequently is poorly informed concerning non-official pharmaceuticals which are predominant in prescription departments. Newton D. Baker made a statement which applies to too many graduates of all types of colleges. He said, "The man who graduates today and stops learning tomorrow is uneducated the day after." You all are

The edvantages of a semi-open prescription department are well established, and variations of this type of legent are important factors in prescription departments. A semi-open prescription desk may be adapted to ilt individual tented and besis. Nost pharmosists desire a cortain degree of privacy in their receiption tente and secretizingly favor beeping the front of the prescription deak up to a level permitting work to be done without undue exposure to public wisy. A simpling and service counter placed in front of the semi-open prescription deak sharmos even more privacy by beaping the customer at a greater distance fron the pharmacist as he works.

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familiar with the problem of keeping informed and properly stocked with new products which, incidentally, are essentially sold to the pharmacy on consignment in most instances as they are returnable for credit within a reasonable time. To keep up with what is new, it is necessary to read medical and pharmaceutical journals as well as the house publications and literature from chemical and pharmaceutical manufacturers. The manufacturers' representatives can furnish most useful information to pharmacists as they detail in their area. Physicians and dentists will, in time, become interested in a pharmacist and his pharmacy if he can give them quick, dependable information on the new drugs about which they inquire. Some pharmacists have found that it pays to send bulletins or letters containing information of this kind to physicians and dentists. One very great advantage of this program is that the pharmacist finds himself developing an interest on his own part, and then gaining customers as a result of being up-to-date and capable of rendering specific service.

Pharmacists have the right to exercise their knowledge in influencing physicians and dentists to prescribe various kinds of preparations which they believe to be of advantage to the patient. A sure way to develop prescription business is by contacting physicians and dentists through personal calls and letters. Pharmacists are prepared to help these men by making suggestions which will be of value to their patients, Either or both methods of contact can be used to advantage, but results will be secured only in proportion to the regularity of the contacts and the value of the service rendered.

Good service means quick service. A good method of filing prescriptions aids in giving good service, especially on refills. In general, it is found best to file prescriptions in comparatively small units—approximately 100 prescriptions rather than a thousand or more—especially if several pharmacists are working in a prescription department. A few large prescription shops are using the microfilm method of filing and reading prescriptions. This space saving method makes it possible to file approximately 8000 prescriptions in a carton less than four inches square and one inch deep. A pharmacist who operates several stores may use their film records to have all prescriptions available in one store so he may close others on Sundays and holidays. A card file by customers' names will avoid delay and make a good impression when a customer does not have the number of a prescription when a refill is required. However, it should be noted here that refills of dangerous drugs and certain specific drugs may not be considered to the patient's advantage or legal. Promiscuous refilling of prescriptions is not practiced in a well and ethically operated prescription department.

Prescription volume may be developed by newspaper and radio advertising, window displays, and interior displays. All of these mediums may be used to advantage to let the public and the public health professions know that the pharmacy is operated by a professionally minded man. Future pharmacists should be taught to use to better advantage the professional material in their pharmacies, as well as that which is supplied for them by manufacturers. The code of ethics of the A. Ph. A. should be observed in advertising and in all activities in the prescription department. It is well to point out here that advertising must be truthful, not misleading, or it will bring discredit to Pharmacy. The pharmacist may find himself in legal difficulty if he disregards this warning. It is probable that there is no such thing as "free" delivery service, as an example.

Valuable professional display material is available from many manufacturers. Pharmacy presents many interesting and dramatic themes for displays. At least occasional professional window and store displays are essential in a program to promote a prescription department. Much of the available display material is wasted or at least improperly used.

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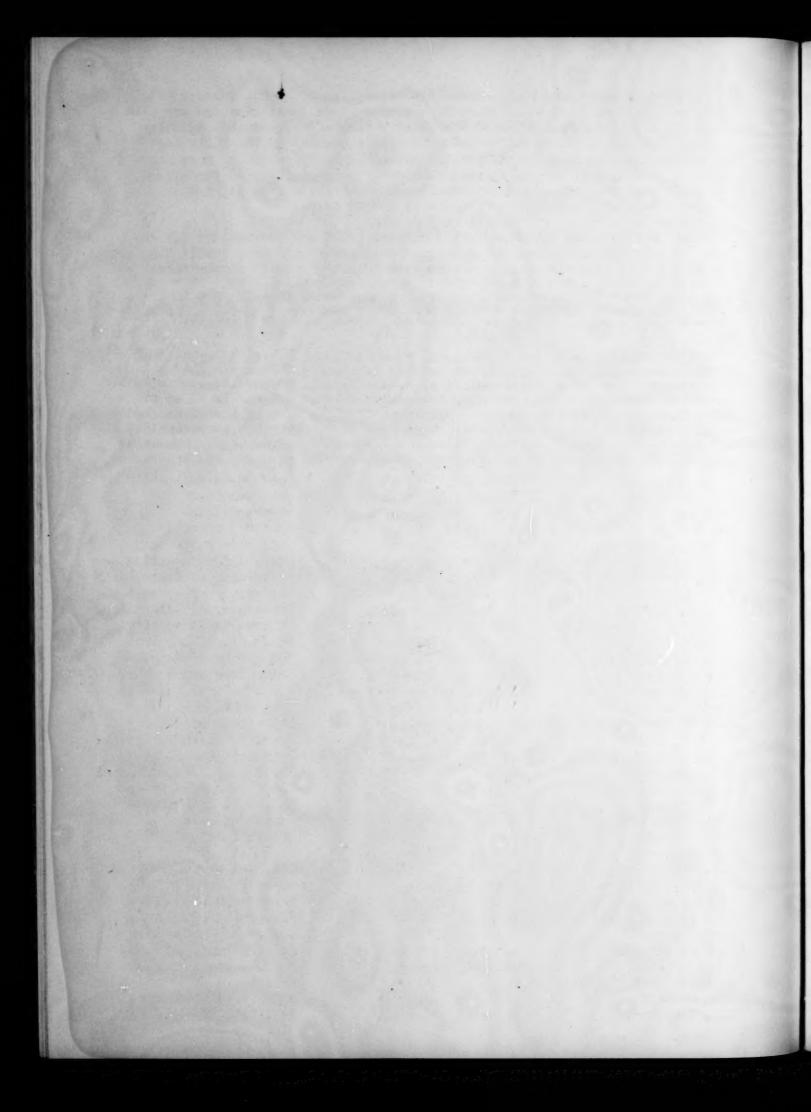
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Valuable professional display material is available from many memisotares. Pharman profession many interesting and dramatic thomas for displays. At least coccasional professional visdow and store displays are essential in a program to promote a prescription department. Noch of the available display material is useful or at least laproperty used.

Prescription packages and labels are undergoing continual improvement. They are important in the promotion of a prescription department and are discussed in detail in Chapter 10 of the third volume of Lippincott's American Pharmacy Series. Prescription pricing is well presented in the following chapter of the same book. Some pricing system is badly needed by most pharmacies. It should be simple so that it may be successfully put into effect. At the present time there still is too large a variation in prescription pricing. The range should be curtailed at a fair level.

One very apparent trend is that a comparatively few pharmacists are emphasizing and promoting their prescription departments and as a result they are dispersing more prescriptions as others barely maintain their former volume or may be compounding fewer prescriptions. A prescription department is required in a drugstore. The investment is great. Professional training and interest should be adequate. It seems obvious that every pharmacist should be interested in offering a continually better professional service to his community.

The prescription market is changing from one prescription department to another and in many other ways. But another interesting trend is that more prescriptions are being dispensed and at a considerably higher average price because of the new, potent, and many instances, miracle drugs. It is up to each pharmacist to decide whether he wants to dispense more or less than the average number of prescriptions. If he decides to increase his prescription volume it can be done if he will follow a well-planned and regularly executed program directed toward the heart of the drugstore—the prescription department.



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